

# EXHIBIT 1



# Board Discussion

May 2022

Private and Confidential for Internal Use Only



## Agenda - May 2nd, 2022 - Day 1

Section	Sub-Section	Time	Lead
<i>Informal Breakfast</i>		8:00 - 8:30 am	
Introduction	Welcome & Critical Governance	8:30 - 8:45 am	Ron Deutsch
	Vision	8:45 - 9:00 am	Alex Mashinsky
Market	Broader Market Overview	9:00 - 10:00 am	Roni Cohen Pavon & Rajiv Sawhney
<i>Break</i>		10:00 - 10:15 am	
Financials & KPIs	Strategy & KPIs	10:15 - 11:00 am	Daniel Leon
	'21 & '22 YTD Financials + '22 Operating Plan	11:00 am - 12:15 pm	Rod Bolger
	Funding, Liquidity, Capital	12:15 - 12:30 pm	Rod Bolger
<i>Lunch</i>		12:30 - 1:00 pm	
Product, Marketing, Media	Product	1:00 - 1:45 pm	Tushar Nadkarni
	Marketing	1:45 - 2:15 pm	Alex Mashinsky
Regulatory Update	Regulatory & Compliance (pt 1)	2:15 - 3:00 pm	Roni Cohen Pavon, Oren Blonstein, Adrian Alisie
<i>Break</i>		3:00 - 3:15 pm	
Regulatory Update	Regulatory & Compliance (pt 2)	3:15 - 4:00 pm	Roni Cohen Pavon, Oren Blonstein, Adrian Alisie
Subsidiaries & Strategic Initiatives	Celsius Mining	4:00 - 4:30 pm	Amir Ayalon
Business Operations	COO / Transformation Update	4:30 - 5:00 pm	Aslihan Denizkurdu
<i>Open Time</i>		5:00 - 6:00 pm	<i>Dinner @ 6:30 at Ai Fiori</i>



## Agenda - May 3rd, 2022 - Day 2

Section	Sub-Section	Time	Lead
<i>Informal Breakfast</i>		8:00 - 8:30 am	
Business Operations	Governance	8:30 - 9:00 am	Ron Deutsch
	Risk	9:00 - 9:45 am	Rodney Sunada-Wong
Subsidiaries and Strategic Initiatives	GK8	9:45 - 10:00 am	Daniel Leon & Shiran Kleiderman
<i>Break</i>		10:00 - 10:15 am	
Subsidiaries and Strategic Initiatives	CWS & CelsiusX	10:15 - 11:00 am	Nuke Goldstein & Guillermo Bodnar
Business Operations	Security	11:00 - 11:30 am	Shiran Kleiderman
	Human Resources	11:30 am - 12:00 pm	Trunshedda Ramos
Closing	Closing and Q&A	12:00 - 12:30 pm	Alex Mashinsky
<i>Informal Lunch and Departure</i>		12:30 pm	





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# Agenda

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02	<u>Market overview</u>
03	<u>Strategy &amp; KPIs</u>
04	<u>Financials</u>
05	<u>Product &amp; marketing</u>
06	<u>Regulatory &amp; compliance</u>
07	<u>Subsidiaries &amp; strategic initiatives</u>
08	<u>Business operations</u>
09	<u>Closing remarks</u>





# Introduction: Governance

Ron Deutsch, General Counsel

## Process

- Ron Deutsch – Secretary of the Company; Ofer Ganot – acting as assistant Secretary will be taking notes for this board meeting
- Minutes will be prepared covering level discussion points and decisions as needed
  - Minutes will be shared with the board for its review and approval
- Written resolutions of the board will be prepared and circulated to the extent necessary for more involved decisions

## Frequency and Location

- In general, Celsius will hold four (4) board meetings per calendar year on a quarterly basis
- The 1st meeting of each year will include review of previous calendar year
- Meeting are targeted to be held in April, June, September and December
- At least two (2) board meetings will take place in the UK and in person; the other meetings may take place in the US, but generally can be more flexible as to virtual attendance and location



## Board Composition

- Currently, the Board is comprised of three (3) directors and two (2) observers:
  - Directors: Alex Mashinsky, S. Daniel Leon, Laurence Tosi
  - Observers: Alex Goodman (WestCap), Mathieu Provost (CDPQ)
- Two (2) additional directors will be appointed in the near future:
  - One to be nominated by Celsius Network Inc. in its sole discretion
  - One independent director selected by Celsius Network Inc. and approved by WestCap
- Celsius is forming an internal task force to identify suitable candidates and the first few candidates are expected to be identified in the coming weeks



# Board Procedures and Processes

- Quorum at any board meeting is any three (3) eligible directors (directors who would be entitled to vote on the relevant matters presented at the meeting) or their alternates, including the WestCap director or, if a WestCap director is not an eligible director, the independent director
- No business may be conducted if there is no quorum
- Chair of the Board appointed by the majority in interest of shareholders
  - Alex Mashinsky will be chair for this meeting
  - Chair of the board has no additional voting or veto powers
- Any decision of the Board must be (i) taken at a meeting or (ii) in writing executed by the directors
- Valid participation in a Board meeting may be done via telephone or any other form of communication, if all participants can hear and speak to each other
- A written resolution signed by all directors is valid as if it had passed at a meeting
- Board may authorize conflicts proposed by any director (Interested Director)
- Interested Director will not count for quorum, nor vote on the matter
- Any such authorization may be revoked or revised by the Board, but will not affect what was done prior to such revocation or variation



# Introduction: Vision

Alex Mashinsky, CEO



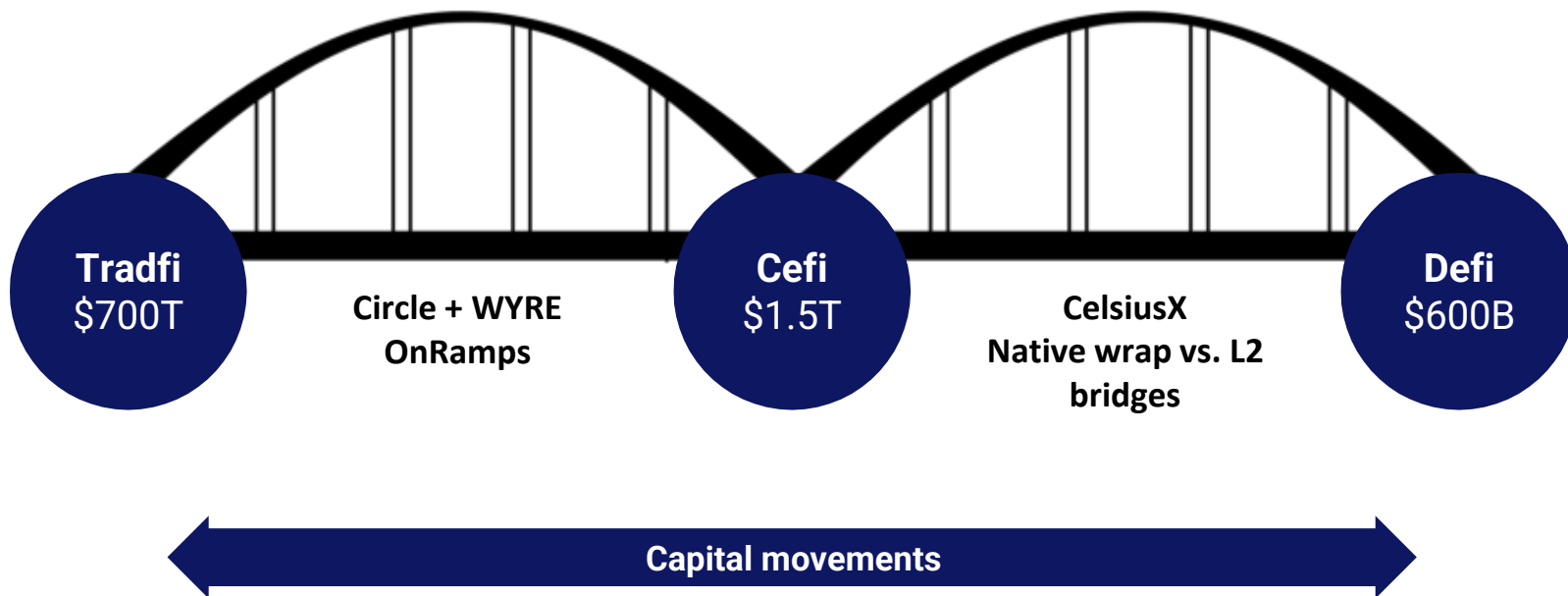
# The third wave is here

Era	Lead protocol	Lead co.	# years to reach \$1T valuation	Formula
<b>Web 1.0</b>	Moore's Law	Intel/Microsoft	44 years	2x compute power every 18 months
<b>Web 2.0</b>	Metcalf's Law	Google	22 years	Network users $\wedge$ 2
<b>Web 3.0</b>	Nakamoto's Law	Bitcoin	12 years	Users * TVL/100



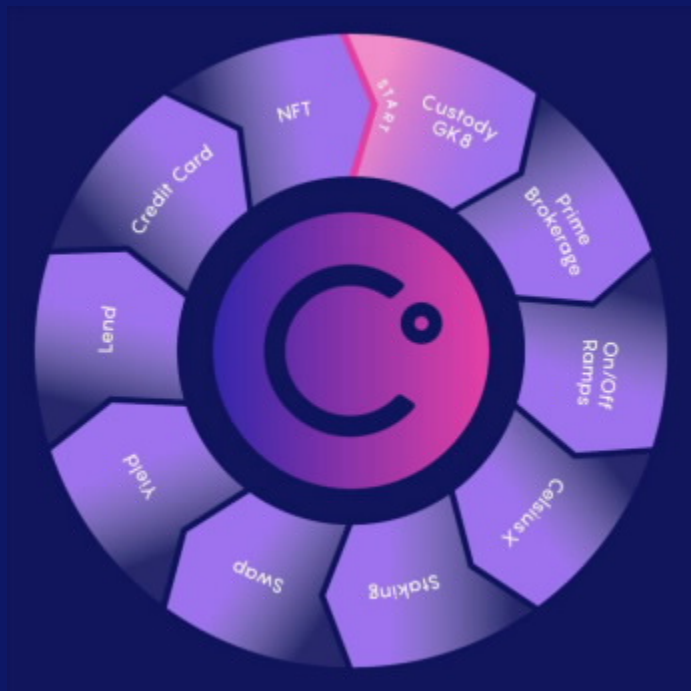


# Celsius is building the bridges from Tradfi to Defi





## CWS Flywheel



## CEL Flywheel





# Crypto Companies: Current CWS Product Offering

Case 1:23-cv-06089-DLC Document 42-1 Filed 09/11/23 Page 15 of 305

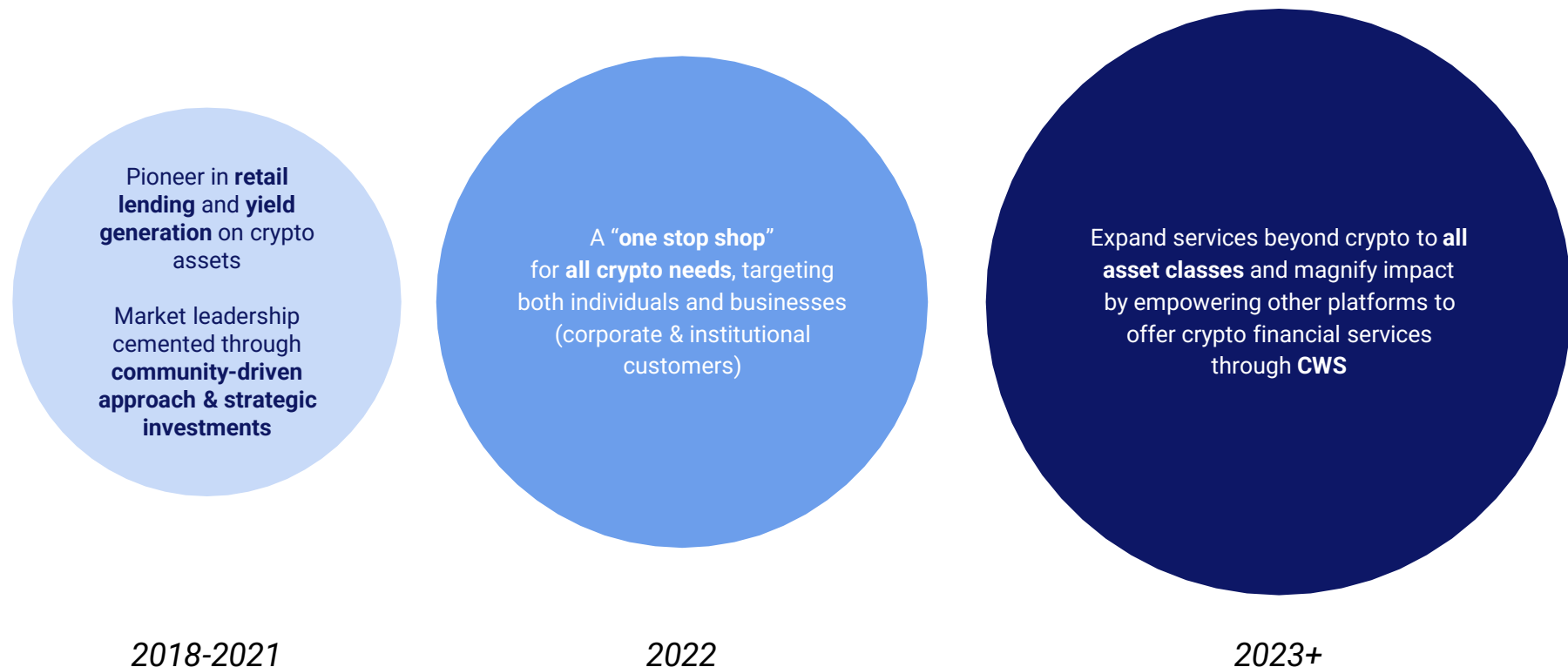


	Bank App	Celsius Super App			Partner App	
		API				
		Wallets	Exchanges	Custodians	dApps	Blockchains
DAO Insurance		x	x	x	x	x
Payments						
Billing						
Treasury Management		x	x	x	x	x
NFTs			x	x	x	
Prime Brokerage						
CelsiusX			x		x	x
Yield		x	x	x	x	x
Swaps		x		x	x	x
Credit Card			x		x	
On Ramps		x		x	x	x
Loans		x	x	x	x	x
KYC			x	x		
Staking		x	x	x	x	x
Custody + Dashboard		x	x	x	x	x

- x Applicable to market segment and readily available
- Readily available, not applicable to market segment
- x Applicable to market segment and not available
- Not applicable to market segment and not available



# Vision: A world-class financial services company for crypto assets





<u>Chain</u>	<u>TVL</u>	<u>MCAP</u>	
<b>Polygon</b>	\$4B	\$10B	= 2.5 x TVL
<b>ETH</b>	\$115B	\$350B	= 3.5 x TVL
<b>AAVE</b>	\$24B	\$2.4B	= 0.1 x TVL
<b>CEL</b>	\$23B	\$2.3B	= 0.1 x TVL





## Infrastructure & Development

Digital Asset Ava Labs. R3  
alchemy STARKWARE  
Prime Trust SOLANA  
CONSENSYS

## Data & Analytics

nansen Dune Analytics

## Staking & Node Hosting

Figment BLOCKDAEMON

## Consumer Yield

abra Celsius

## Institutional Crypto Services

AMBER BlockFi  
FALCONX NYDIG  
SEBA BANK

## Exchanges

Blockchain.com FTX  
GEMINI COINSWITCH KUBER  
bitpanda Bitso  
BINANCE

## Capital Markets

AXONI SECURITIZE

## RegTech & Security

Chainalysis TAXbit  
CERTIK ELLIPTIC

## Custody & Wallet Services

PAXOS matrixport  
Fireblocks copper.co  
LEDGER ANCHORAGE DIGITAL

## NFTs & Gaming

SKYMAVIS FORTE  
MYTHICAL Dapper Labs  
SORARE OpenSea

## Payments

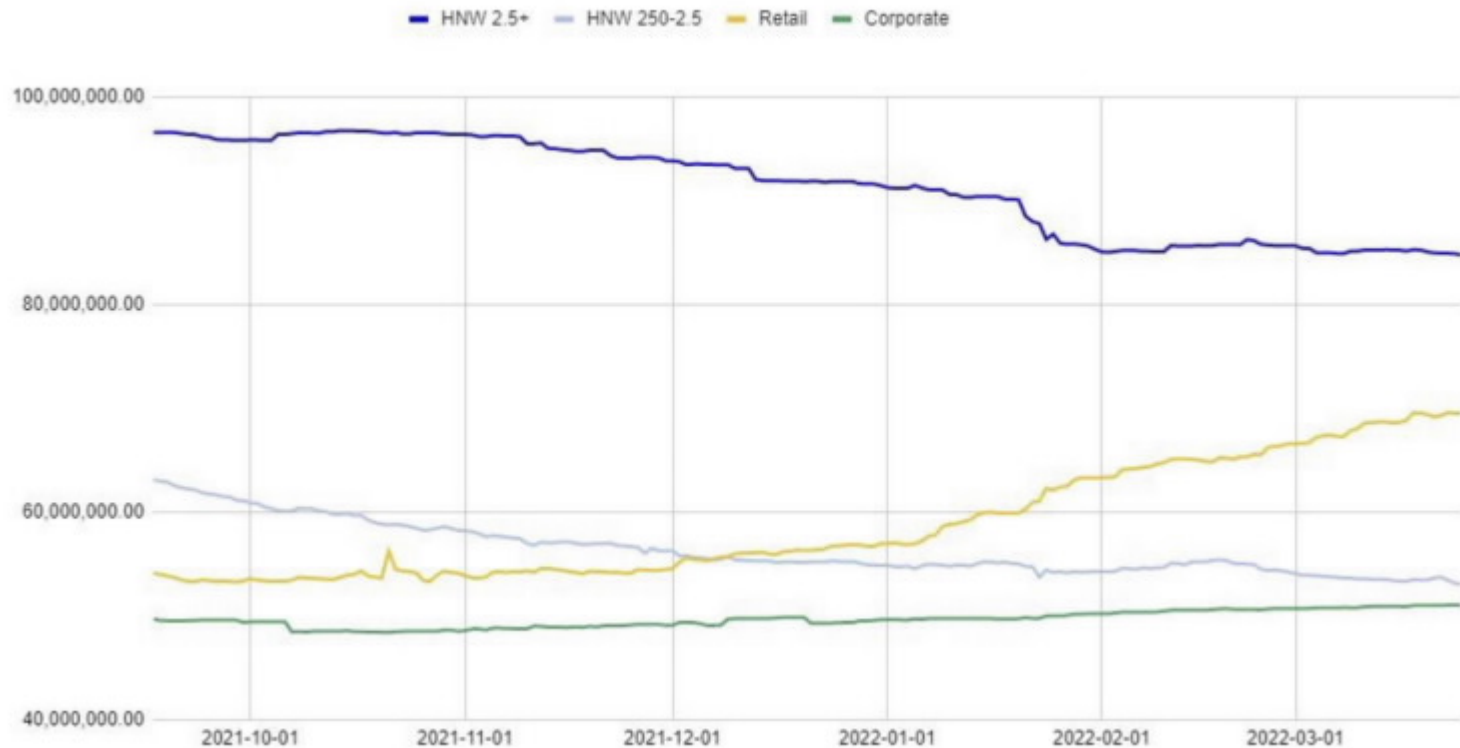
MoonPay celo  
WIREX

## DeFi

UNISWAP AAVE  
Index



# CEL HODL-er Behavior Over Last 6 Months







## Over the past 6 months...

### **Internal Operations**

- ✓ Strengthened executive leadership with key hires (COO, CFO, CTO)
  - ✓ Scaled from ~200 to ~900 employees
  - ✓ Launched operating model redesign, transformation office, and enterprise systems overhaul
  - ✓ Opened customer support center
- 

### **Product**

- ✓ Introduced new KYC process (with accreditation check and restrictions) to ensure adherence to latest regulatory expectations
  - ✓ Launched CelsiusX - first in market cross-chain liquidity / interoperable DeFi bridge
  - ✓ Revamped app and established foundations for a near-term comprehensive new feature launch to match competitive offerings
- 

### **Deals**

- ✓ Acquired GK8, a leading custody/security technological solution
  - ✓ Launched a new NFT marketplace through strategic partnership
  - ✓ Commenced preparation of mining business for IPO
-



# Recent performance summary

Case 1:23-cv-06009-DLC Document 42-1 Filed 09/11/23 Page 22 of 305

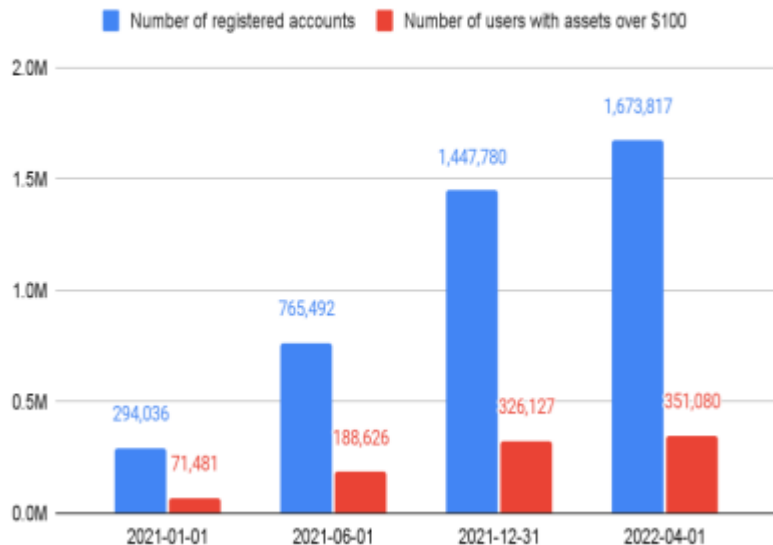
Deployable assets

	1/1/21	6/1/21	12/31/21	4/1/22	EOY '22 Targets
BTC value	\$29,374	\$37,575	\$47,687	\$46,282	-
<b>[1] Total value of coins managed</b>	<b>\$5.5B</b>	<b>\$13.01B</b>	<b>\$20.11B</b>	<b>\$19.47B</b>	<b>\$28.1B</b>
[1a] Retail (<\$1M) non-US user assets [Earn]	\$924M	\$2.3B	\$3.7B	\$3.6B	\$4.75B
[1b] Retail (<\$1M) US user assets [Earn]	\$757M	\$2.6B	\$4.9B	\$5.0B	\$5.5B
[1c] HNW (>=\$1M) non-US user assets [Earn]	\$789M	\$1.6B	\$2.1B	\$1.9B	\$2.4B
[1d] HNW (>=\$1M) US user assets [Earn]	\$905M	\$2.2B	\$2.8B	\$2.6B	\$3.25B
[1e] Corporate user assets [Earn]	\$498M	\$1.4B	\$1.2B	\$1.2B	\$2.5B
[1f] API user assets [Earn]	\$95M	\$194M	\$367M	\$288M	\$1.4B
[1g] Retail & HNW loans collateral	\$1.2B	\$1.8B	\$3.1B	\$3.1B	\$6.0B
[1h] Institutional loans collateral	\$340M	\$1B	\$2B	\$1.9B	\$2.3B
<b>[2] Coins in sub-custody (via Celsius)</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>	<b>0</b>	<b>\$750M</b>
<b>[3] Coins in self-custody (via GK8)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>\$20B</b>	<b>\$30B</b>
<b>Number of registered accounts</b>	294,036	765,492	1,447,780	1,673,817	2,000,000
Number of B100 accounts	71,481	188,626	326,127	351,080	500,000

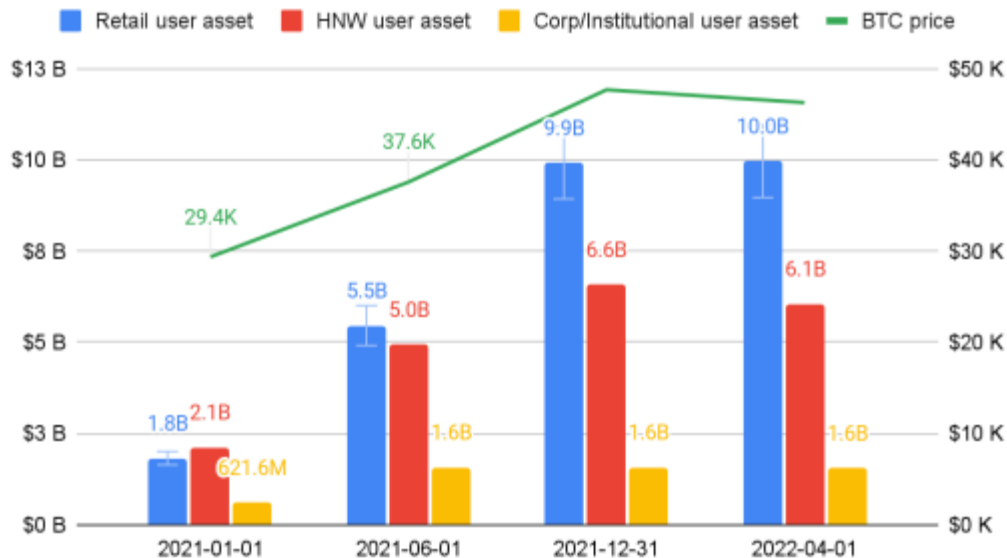


# User assets grew 5x over the past 18 months

Registered vs Active Users with over \$100 in assets



Users assets by customer type and its relation to BTC price





# Big challenges

## Market dynamics

- Expectation that risky assets (such as crypto) will face headwinds into H2 2022 as the Fed increases rates
  - Closure of Earn product in US and other regulatory uncertainty
  - New entrants with greater liquidity and lower cost of capital
  - Product offering and quality lagging compared to competitors
- 

## Profitability

- Reduction in CeFi coin lending revenue expectations
  - Lowering rewards in an attempt to drive profitability is hurting growth
- 

## Internal constraints

- Lack of robust technological infrastructure to support CWS and 100m users
- Rapid scale of business without sufficient processes and controls



# This upcoming year...

## Customer growth

- Increase the **number & stability of users**
- Expand **retail business** through improved marketing and comprehensive and enhanced product offerings (Custody, OnRamps, Swaps, Credit Card, CelPay, Earn, Staking, CelsiusX) (with a particular focus on non-US markets)
- Grow **corporate treasury and asset manager** holdings through a new targeted go-to-market approach (/sub brand) and specialized/monetizable product offering (CelsiusPrime)

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## Foundations for CWS

- Create **foundations for CWS** market leadership, piloting Celsius and select API partners as preliminary customers

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## Fortify the business

- Strengthen technological **infrastructure**, business **operations**, and company **culture**

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## Strengthen balance sheet

- Strengthen **company balance sheet** and improve positioning of **strategic holdings** through IPO of mining business and additional opportunistic deals



# Agenda

01      Introduction

02      Market overview

03      Strategy & KPIs

04      Financials

05      Product & marketing

06      Regulatory & compliance

07      Subsidiaries & strategic initiatives

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09      Closing remarks





# Markets Overview Executive Summary

Crypto markets are expected to remain range bound for the foreseeable future as the Fed will need to hike rates aggressively and implement quantitative tightening (QT) to rein in inflation and realign the economy.

We don't expect the crypto market to decouple from traditional markets in any meaningful way until the Ethereum Merge.

Until then, nascent liquidity will rotate between Layer-1 blockchains to take advantage of liquidity incentive programs subsidized by VCs looking to capture market share.

**Bridges and custody solutions will be critical in this multi-chain universe.**

We believe retail clients will also focus on capital preservation strategies such as stablecoin accumulation and passive income staking.

Finally, institutional adoption is growing ahead of the next bull-cycle. Asia is also paramount ahead of this next cycle.



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- 01 Macro Environment
- 02 Crypto Range Bound
- 03 Layer-1 Musical Chairs
- 04 Stablecoins Get Hot
- 05 Staking Takes The Stage
- 06 Bridge Growing Pains
- 07 Custody Can't Keep Up
- 08 Focus on Institutions & Asia



# 01 Macro Environment



Markets are coming off a multi-year bull run & massive quantitative easing. Inflation remains unchecked.

The U.S. stock market witnessed its longest bull -run in history. Beginning in March 2009, the bull-run lasted until March 2020 before COVID caused the market's first meaningful correction.

COVID prompted the Fed to unleash a massive M2 money supply increase (\$2T) and quantitative easing (QE) to keep the economy from collapsing.

Via stimulus and suppressed rates, the Fed **drove up** asset prices which **drove up** the price of goods and services (CPI) which **drove up** inflation.

Now inflation remains unchecked, prompting worries of stagflation and/or a recession.

**The Fed must hike rates to rein in inflation and initiate quantitative tightening (QT) to realign the yield curve, all of which puts risky assets such as U.S. stocks in a precarious situation...**



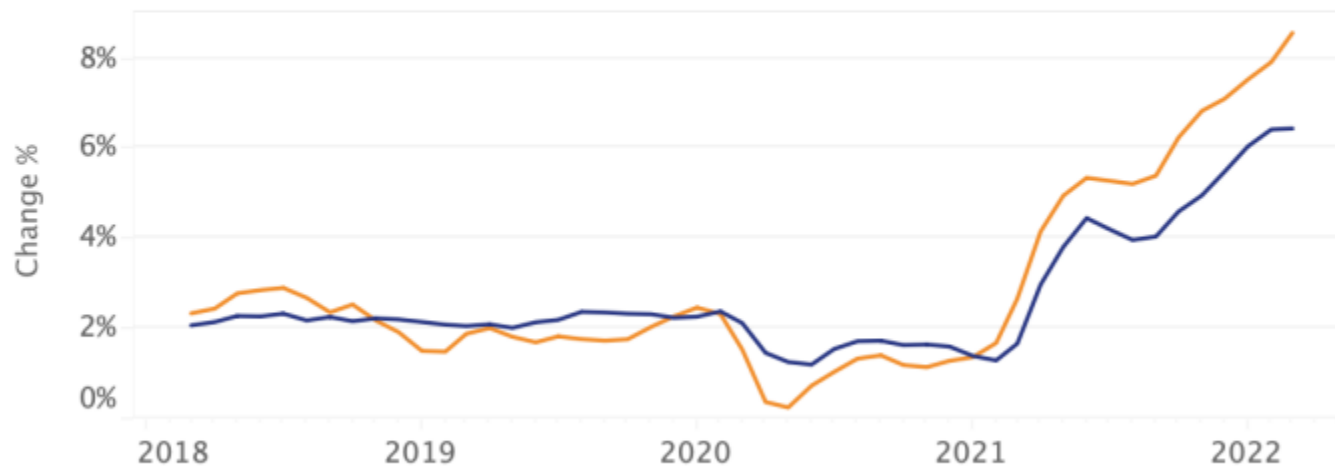


## U.S. Headline vs. Core Inflation

Year-over-Year change of the Consumer Price Index (CPI)



■ Core Inflation (less food and energy) ■ Headline Inflation



Source: Fred



# Longer-duration U.S. treasuries are starting to come off.

The U.S. yield curve serves as what is a baseline for what is considered the “risk-free rate”.

Shorter-duration treasuries serve as a proxy for Fed monetary policy.

Longer-duration treasuries reflect the market’s expectations on inflation, growth.

**Steeper yield curve → Expectation for stronger growth**

**Inverted yield curve → Expectation for poorer growth**

**3M vs 10Y Tenor has served as an important indicator.**

All eight times the 10Y flipped (inverted) vs the 3M since WWII, the U.S. experienced a subsequent recession for 12 -18 months.

**Combined with market pricing in quantitative tightening (QT), longer-duration treasuries are starting to come off...**





# The Fed is stuck between a rock and a hard place.

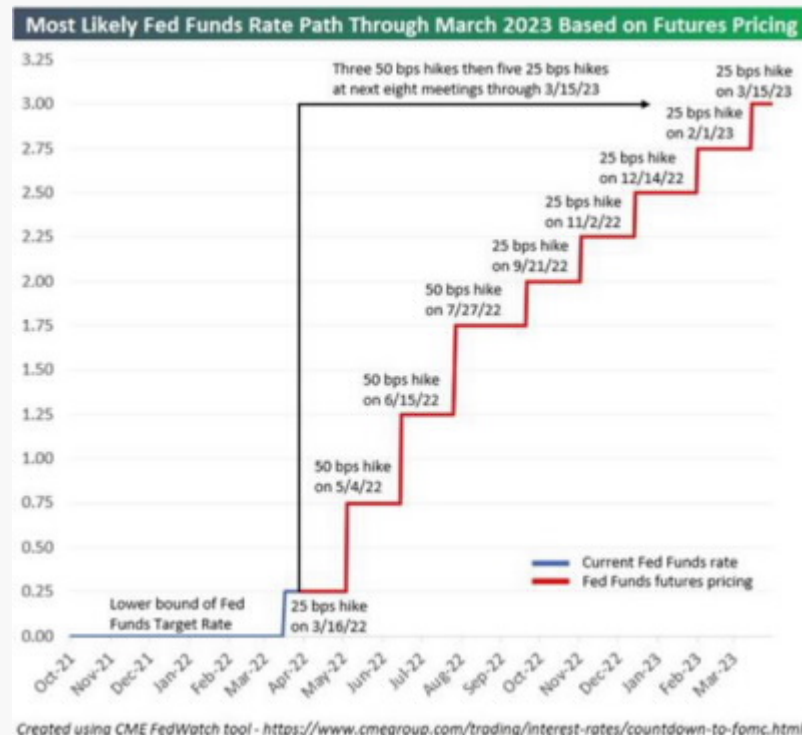
The market is pricing in **9 RATE HIKES** until March 15, 2023.

The last time the Fed tried to raise rates from 2015 to 2018 - from 0.00% to 2.5% - **MARKETS PANICKED**.

Yet, the market believes that we will get to 3% in not three years but in **ONE YEAR**.

The last time the Fed was this aggressive was during Paul Volcker's regime as Fed Chair **40 YEARS AGO**.

**The overall expectation is that risky assets (including crypto) will face headwinds into H2 2022 as the Fed increases rates.**





# The Market still lacks clarity.

March U.S. inflation met median survey expectations  
(Headline 8.5% YoY; Core 6.5% YoY).

Latter figure suggests we are getting closer to **"peak inflation"**.

However, meeting expectations isn't giving market participants much clarity on the current economic scenario.

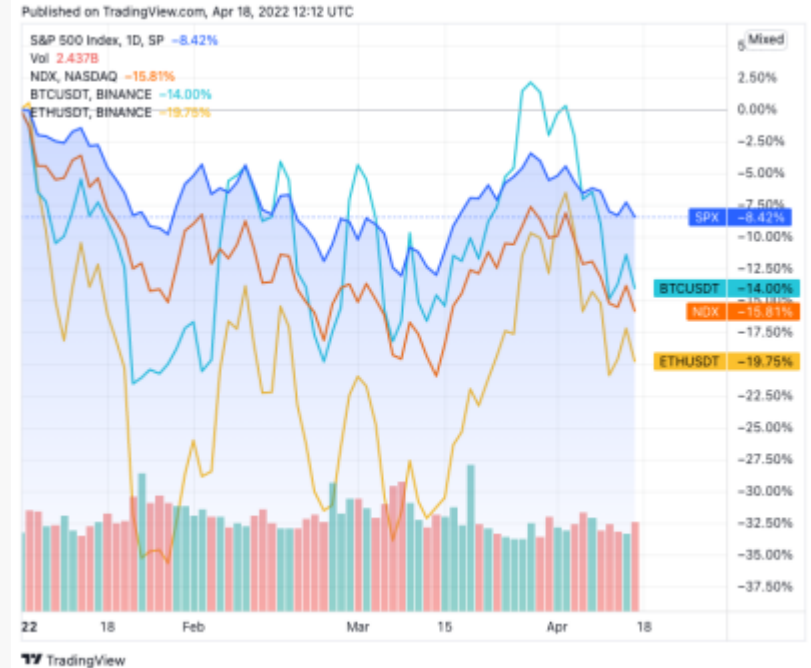
**The market is fearing an economic recession.**

Fed is so behind the curve that an aggressive stance is necessary to get inflation under control.

Meanwhile, China COVID-lockdowns & Russia/Ukraine pose a headwinds for markets everywhere.

**There is no single theme dominating the market.**

**As a result, investors are unlikely to deploy capital with any meaningful confidence in the short term.**



# 02 Crypto Range Bound



# Crypto's realized correlation ticks higher

Whether you subscribe to the notion that BTC is an inflation hedge or trades like a risky asset...

...the realized correlation between BTC & S&P 500 is at **multi-year highs**, and BTC & NASDAQ is at **historical highs**.

Furthermore, crypto assets are trading in tandem more closely than ever. BTC and ETH realized correlation is now at **levels not witnessed since July 2020**.

As BTC generally leads crypto price formation, crypto is effectively trading in tandem with U.S. growth equities.

**If U.S. equities can't go higher, crypto can't go higher.**

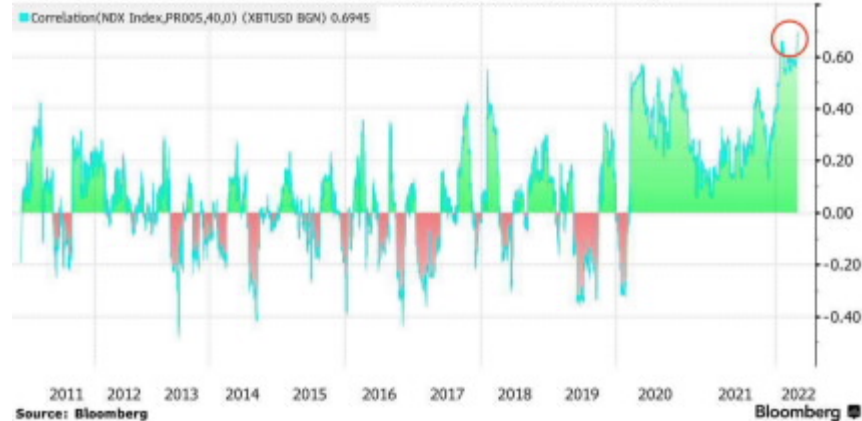






## Even Closer

Bitcoin's correlation with the Nasdaq 100 has reached a new high





Exchange volumes retrace.  
Engagement is limited.  
Market cap has consolidated.  
Users are HODLing.

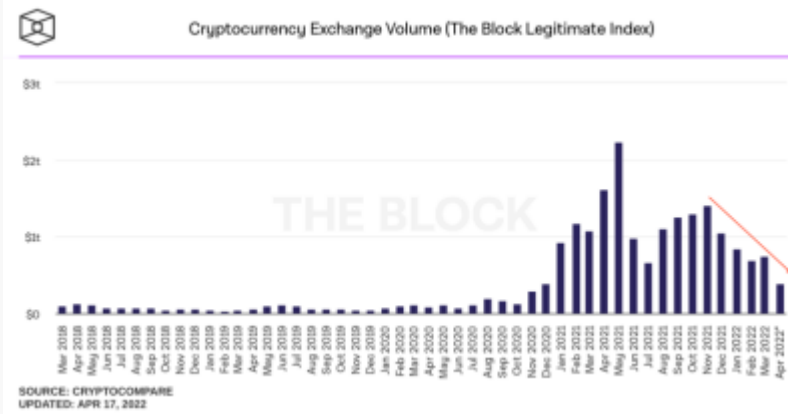
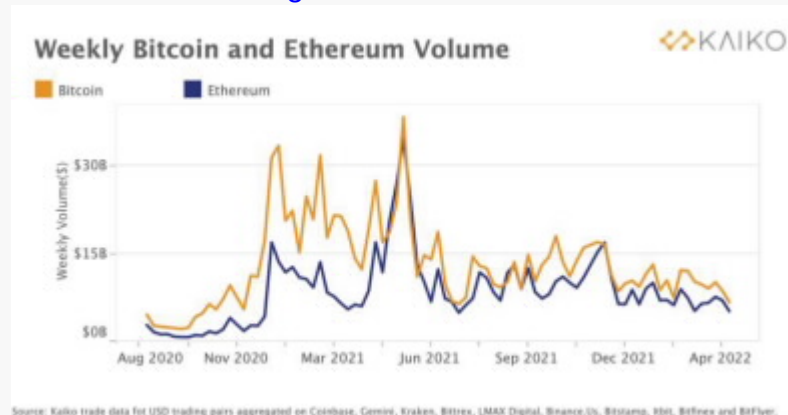
Following BTC witnessing all-time highs last fall, exchange volumes on crypto exchanges have retraced sequentially lower.

The number of BTC held on exchanges has declined YTD by ~200K BTC. The amount held on exchanges is at the **lowest level since August 2018**.

Volumes did not spike significantly in the 2nd half of March, when the broader crypto market was seeing a strong rally, **suggesting some reservations in the rally**.

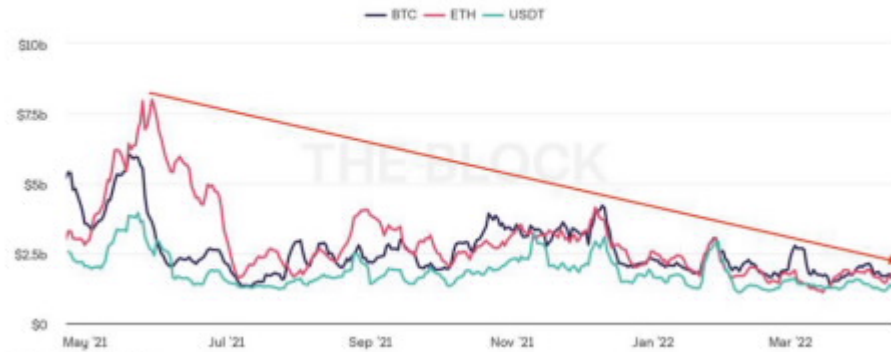
Retail has remained on the sidelines as social media metrics suggest limited engagement.

**Without an uptick in USD inflows, volume activity on exchanges, and retail engagement, the market capitalization of crypto will remain under pressure...**





USD Inflows to Exchanges



SOURCE: CHAINALYSIS  
UPDATED: APR 17, 2022

Bitcoin: Balance on Exchanges [BTC] - All Exchanges

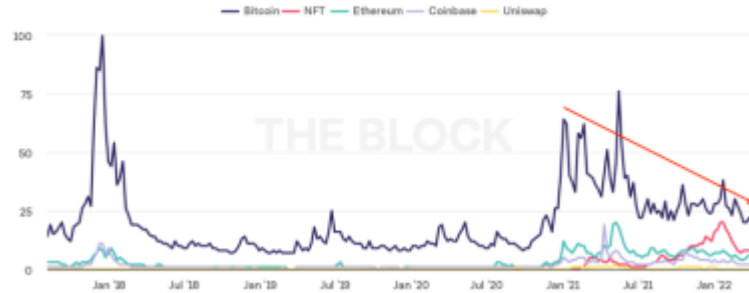


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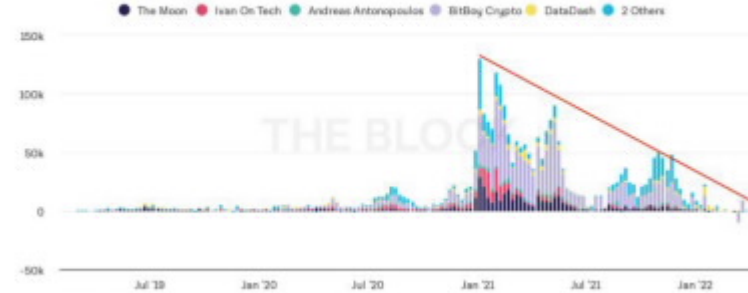
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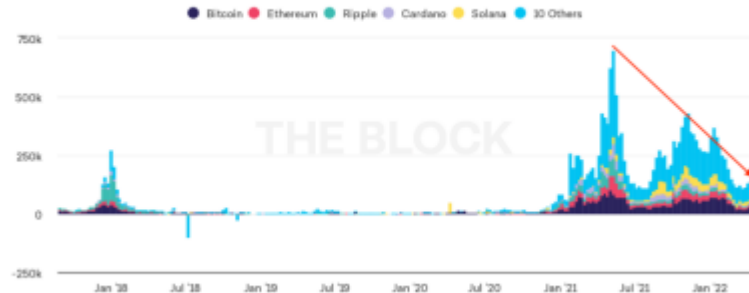
Google Search Volumes



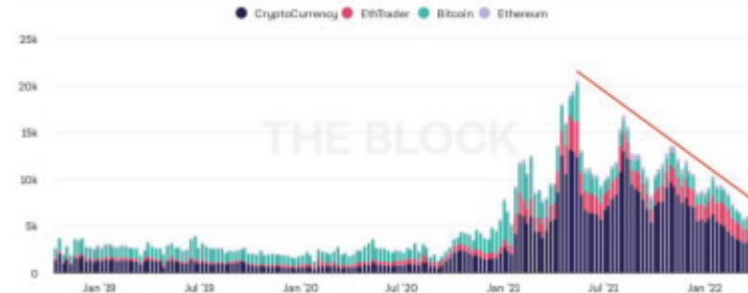
New Weekly YouTube Subscribers of Influencers



New Weekly Twitter Followers of Layer 1 Accounts



New Weekly Crypto Subreddits' Posts







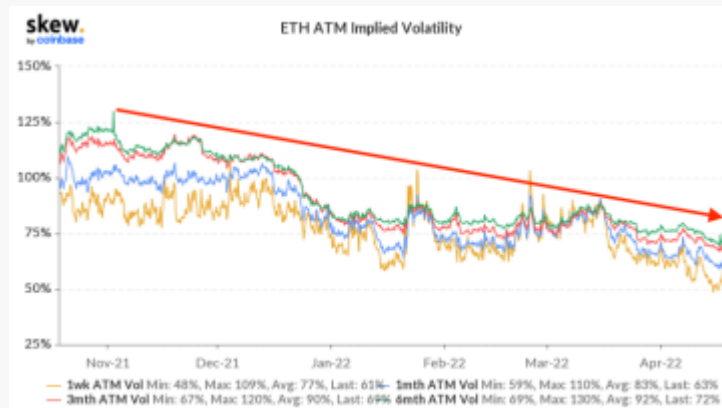
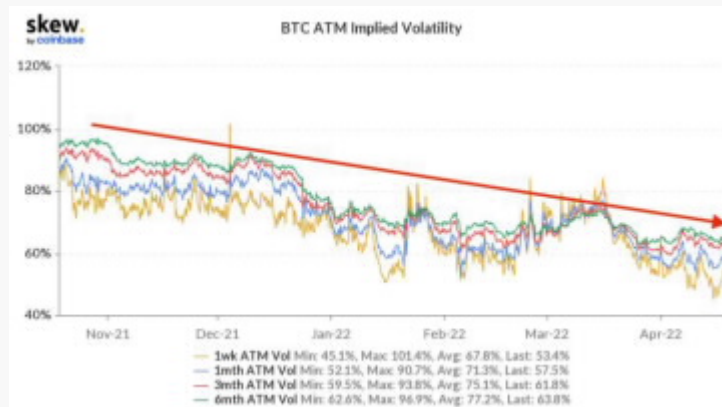
# Implied volatility keeps falling. Basis & funding keeps contracting.

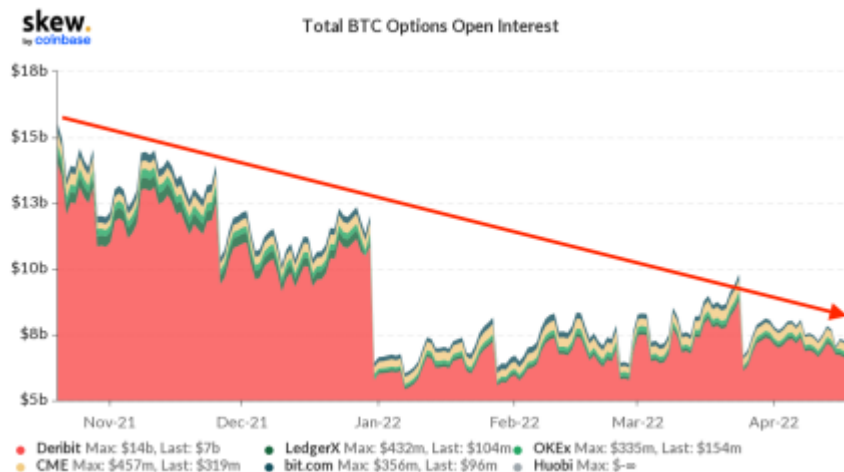
**Options Market** - Implied vols **across all tenors** continue to tick down. Options open interest continues to be weaker than Q4 2021 levels.

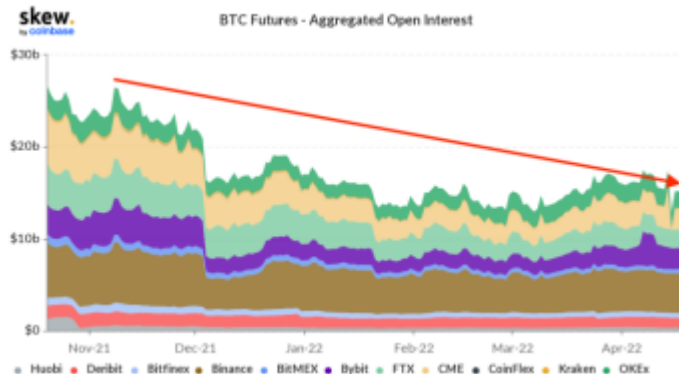
**DeFi Option Vaults** (DOVs) are contributing to the depression as market makers are the primary buyers, **selling volatility to hedge their exposure**.

**Futures Market** - Little movement in the basis in either BTC or ETH - **tracking close to 1% on both**. Perpetual swap funding rates also **close to zero**, suggesting there is little leverage in the market at the moment.

**Overall implied volatility and basis/funding pressure suggests limited appetite for leverage. Speculative activity has waned since November all-time highs.**





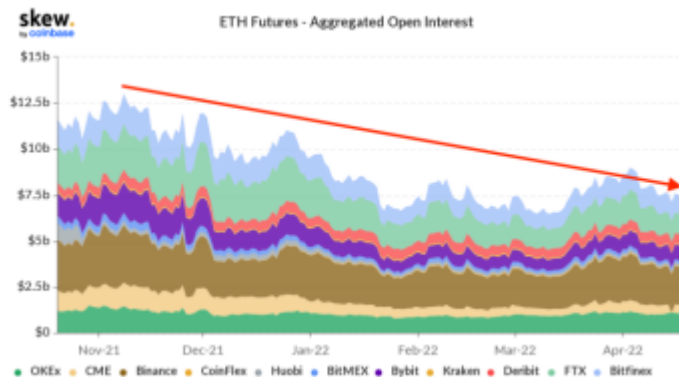


#### Funding charts

BETA: see charts of funding rates

BTC-PERP ☒ Funding ☐ Funding MA(10) ☒ Funding MA(30)

Zoom day week 1m 3m 6m YTD 1y all Oct 18, 2021 → Apr 18, 2022

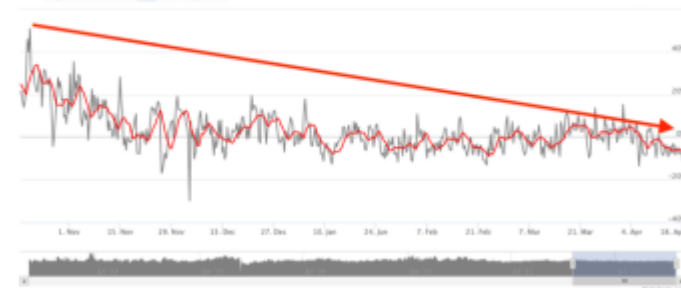


#### Funding charts

BETA: see charts of funding rates

ETH-PERP ☒ Funding ☐ Funding MA(10) ☒ Funding MA(30)

Zoom day week 1m 3m 6m YTD 1y all Oct 18, 2021 → Apr 18, 2022







# Verdict: crypto markets will remain range-bound

All data points suggest that crypto will remain range bound for the foreseeable future until further economic clarity and new capital inflows and engagement enter the market.

BTC is likely to remain within the \$30-60K range while the total market capitalization of crypto will remain between \$1.25-3T.

Until then, nascent capital within the crypto market will recycle between Layer-1 protocols and exchanges, as users rent-seek liquidity and capture incentive reward programs.

**Users are HODLing through a bear market. Capital preservation is the name of the game.**



# 03 Layer-1 Musical Chairs



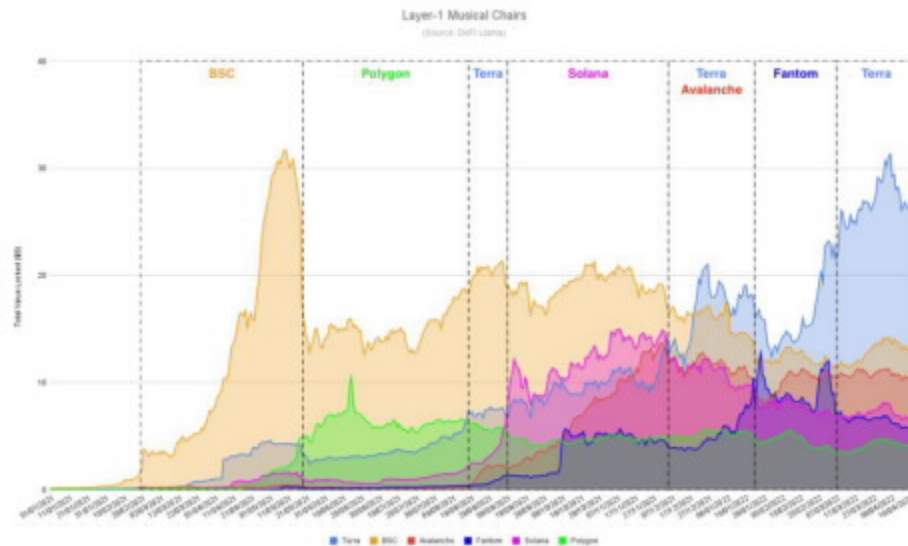
# Layer-1: Musical Chairs

As speculation has collapsed and the overall market capitalization of crypto has consolidated, **nascent liquidity is hopping from one Layer-1 to the other in a game of musical chairs.**

Blockchains/protocols flush with cash from FOMO VCs, pensions, LPs are using this opportunity to bribe users for liquidity via incentive reward subsidies.

**The modus operandi will be market share, user acquisition** amidst a bear market.

**Users are taking advantage of these programs, with no real loyalty to the blockchains or protocols, i.e., “Mercenary Liquidity”.**





# Recent Blockchain Rewards & Grant Programs

## Avalanche

**August 2021 - \$180M**  
"Avalanche Rush" liquidity  
mining incentive program

**March 2022 - \$290M** sub-net  
development program

**April 2022** - Raises **\$350M** at  
**\$5B** valuation for further  
ecosystem investments

## Fantom

**August 2021 - 370M** FTM  
incentive program

**March 2022 - \$480M** grant  
program

## Terra

**July 2021 - \$150M** Terra  
ecosystem fund

**January 2022 - \$139M** DeFi UST  
investment program

# 04 Stablecoins Get Hot



# Capital Preservation

## Thematic 1: Stablecoins

Within this narrative and amidst uncertainty, **users are prioritizing capital preservation over speculation**.

Conversion of risky crypto assets to stablecoins has historically been one of the most widely adopted means to preserve capital.

As users are converting their digital assets to stablecoins, **they are also hungry for yield on these assets**.

**Year-to-date, Terra's ecosystem has been the most successful in capturing Layer-1 market share by subsidizing a fixed 19.5% APR via their native Anchor protocol stablecoin, UST.**

# Terra & UST

## by the numbers

Terra is now the **second-largest smart contract blockchain** with over **\$28B TVL, up over 50% YTD**.

It is the only major chain that has grown YTD.

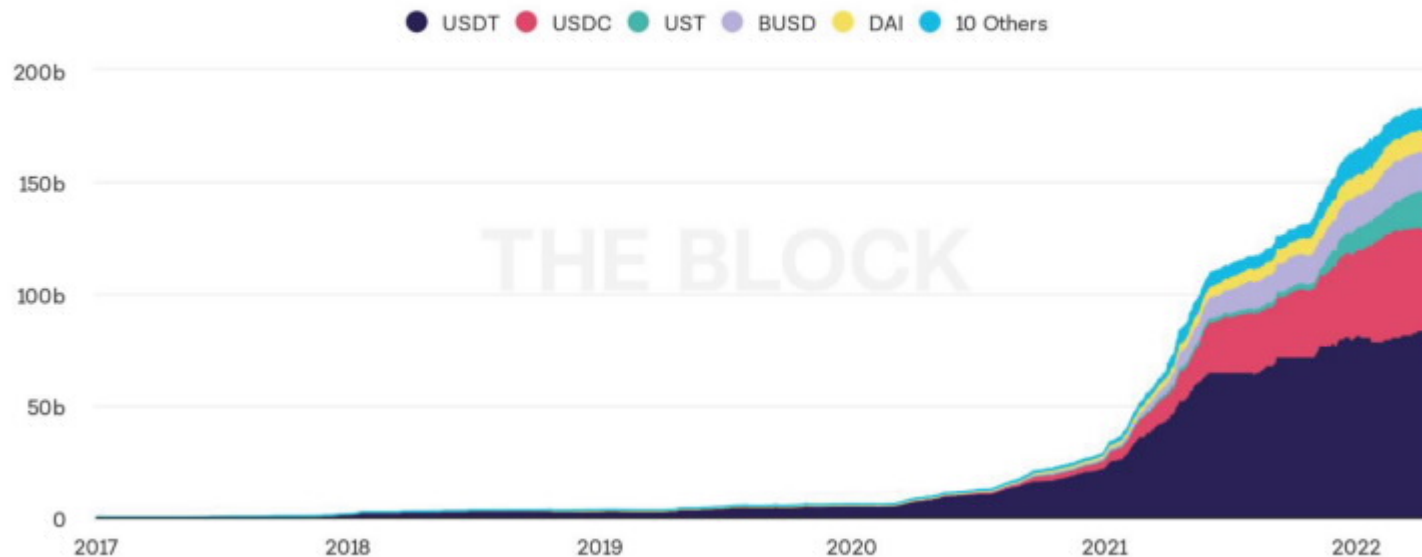
UST is now the **3rd largest stablecoin** with more than **\$17B in market cap., up over 73% YTD**.

UST has also benefited from the fact that it is an **algorithmic-stablecoin**, i.e., **one that, in principle, is censorship and regulatory resistant**.

**Unlike USDC or USDT, UST is not backed by fiat or fiat equivalent reserves and is not controlled by a centralized counterparty.**



## Total Stablecoin Supply



SOURCES: THE BLOCK, COIN METRICS  
UPDATED: APR 23, 2022



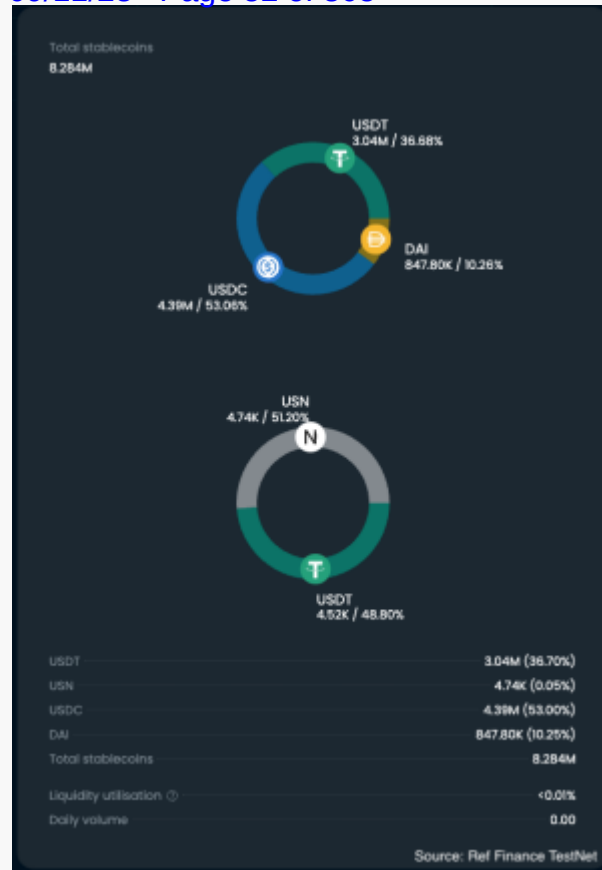
# Other Layer-1s Copying Terra's Playbook: NEAR Protocol's USN

Terra's Anchor protocol subsidy runway is running out and from **May 2022, the protocol will gradually reduce its fixed -APR to remain sustainable.**

Other blockchains are looking to take advantage of this dynamic with NEAR Protocol announcing its own algorithmic-stablecoin, USN, with a similar ~20% fixed-rate APR.

The NEAR foundation recently announced a **\$350M** funding-round lead by **Tiger Global, Republic Capital, FTX Ventures** , and **Dragonfly Capital** .

**A significant portion of this \$350M investment round will be earmarked for subsidizing USN's fixed-rate APR to take market share from competing Layer-1s.**





# 05 Staking Takes the Stage



# Capital Preservation

## Thematic 2: Staking

For users wishing to HODL their native crypto assets, the other widely adopted strategy is staking.

As more blockchains utilize Proof-of-Stake (PoS) consensus mechanisms, the population of global staking wallets continues to grow.

Staking represents the “**risk-free rate**” that a blockchain rewards node validators for securing the network and signing new transactions on the blockchain.

**For users, staking is appealing because it provides consistent passive income. For providers, staking is appealing because there is less concern from regulators. There is no rehypothecation and counterparty risk.**

## Staking by the numbers

More than **\$282B** in digital assets has been globally staked.

There are more than **4.7M** global staking wallets. The total annualized global rewards for staking is now close to **\$30B per year**.

Table 1. Staking yield vs volatility

Token	Nominal staking yld	Real staking yld	Volatility (1y)	Return/risk ratio
DOT	13.99%	5.78%	7.8%	0.74
ATOM	13.48%	4.09%	8.4%	0.49
MATIC	12.50%	7.78%	10.7%	0.73
ALGO	9.43%	7.20%	7.6%	0.94
AVAX	9.24%	3.22%	9.7%	0.33
SOL	5.86%	0.95%	8.5%	0.11
XTZ	5.48%	0.92%	7.9%	0.12
ETH	4.85%	4.40%	5.7%	0.78

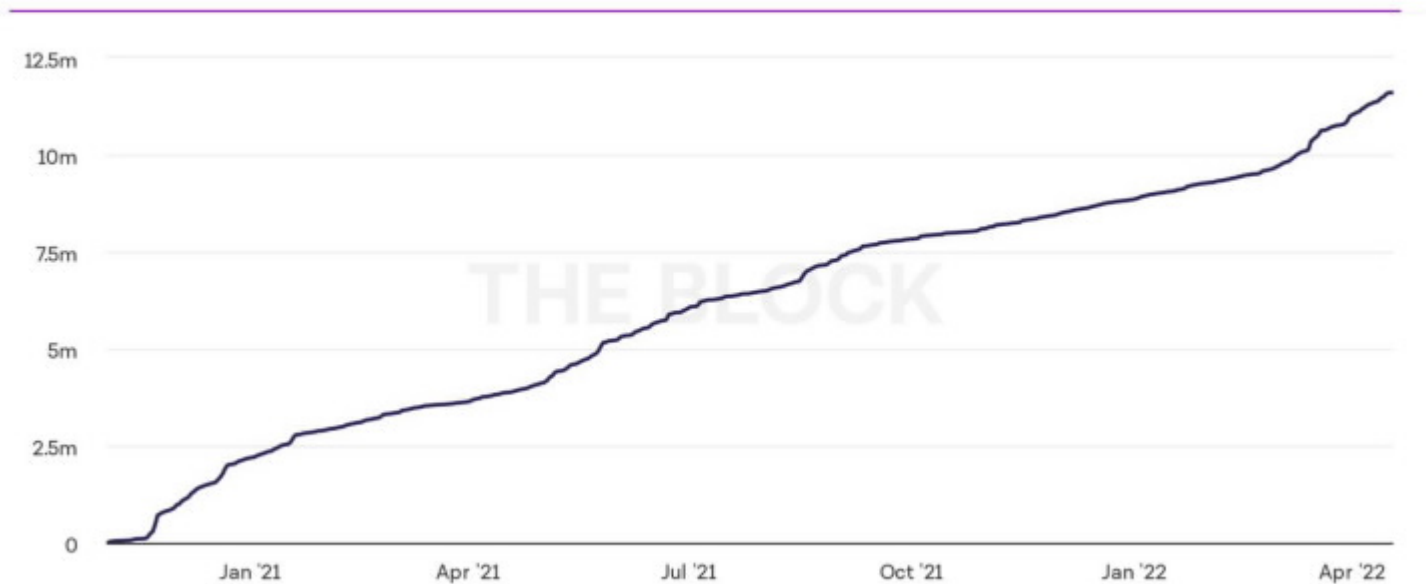
Real staking yield adjusts the reward based on supply inflation.

Source: StakingRewards.com and Coinbase.

(Feb 2022 Yields)



### ETH in ETH2 Deposit Contract



SOURCE: ETHERSCAN  
UPDATED: APR 18, 2022



The Ethereum merge to Proof of Stake is going to jump-start what we believe will be the event that **finally enables BTC and ETH to decouple from equities** in a meaningful way.

— *Tom Dunleavy, Messari Research*



## Tying it all together: ETH 2.0, “The Merge”

Assuming all other exogenous variables remain the same, the biggest catalyst for crypto markets this year will be “The Merge” whereby the Ethereum blockchain will change from PoW to PoS.

Originally slated for 2Q22, **it is now likely to occur 3Q22.**

Why does it matter? Ethereum is still the **2nd largest digital asset** with a market capitalization of over **\$366B**, and the largest smart contract blockchain with over **\$82B** in total value locked.

The current staking reward rate is approximately **4.3-5.4%**. **Post-merge, analysts predict the rate to increase 2-3x to 9-12%.**

**This “rebasings” of the “risk-free rate” of the Ethereum blockchain will prompt a reshuffling of the entire crypto ecosystem as rational players will move digital assets back to Ethereum.**

Furthermore, PoW miners will no longer be entitled to transaction fees and block rewards. An entire sub-industry of mining companies will need to find a new revenue stream.

Milestone	Est date
Kiln (public) testnet	March 15
Mainnet shadow fork 1	April 11
Mainnet shadow fork 2	April 22
Other shadow forks (as needed)	2Q22
Ropsten (existing) testnet merge	2Q22/3Q22
Goerli (existing) testnet merge	2Q22/3Q22
Sepolia (existing) testnet merge	2Q22/3Q22
Paris upgrade (final merge)	Late 3Q22
Shanghai upgrade (post-merge)	Late 1Q23

Source: Coinbase Institutional

Table 1. Estimates of potential ETH staking yields following the merge

	Scenario 1	Scenario 2	Scenario 3
Effective ETH balance	9.46M	11.83M	14.20M
Net transaction fees	1750	1750	1750
Base reward factor	64	64	64
Total rewards (ETH)	1.15M	1.21M	1.27M
Total rewards in % APR	12.2%	10.2%	8.9%

Net transaction fees are based on 6m average and exclude the base fee that is burned. Source: Ethereum Foundation and Coinbase.

# 06 Bridge Growing Pains



“Bridges, in my opinion, are the  
single largest potential point of  
failure in crypto right now”.

— Sam Peurifoy, Hivemind Capital



## As crypto goes multi-chain, bridges have become a major risk.

According to Chainalysis, weaknesses in bridges has led to more than **\$1B** in stolen cryptocurrency in the last year.

Currently, more than **\$21B TVL** is locked in Ethereum bridges.

Bridges have become particularly tempting targets for hackers because of the complexity of the code, creating plenty of opportunities for exploitable bugs.

Fundamentally, trying to create a bridge with **N** different cryptocurrencies increases the complexity of the code, **N<sup>2</sup>**.

**Attackers are targeting bridges right now because they are the weakest points in the system.**

**Bridge hacks are taking the place of the previous generation of exchange hacks as the industry has worked hard on solutions to overcome previous attack vectors.**

### Crypto Bridge Hacks

More than \$1 billion worth of funds were stolen from bridge-related exploits.

■ Estimated value of funds lost (\$)



Chainalysis





# Bridge Hacks are bigger and more costly than ever.

## Qubit

### January 2022

Binance Smart Chain-based Qubit Finance bridge exploited for over **\$80M**.

Without reserves or investors to compensate users, the project offered the hacker a **\$250K** bounty in exchange for the stolen funds.

## Wormhole

### February 2022

Security flaw exploited for 120K ETH, **~\$325M**.

**Jump Crypto**, owner of the bridge, paid out of pocket to compensate for the entire loss.

## Ronin Network

### March 2022

Axie Infinity's Ronin Network suffers **\$625M** exploit in USDC and ETH.

A **\$150M** investment from **Binance**, combined with company cash reserves were used to compensate victims.



# CelsiusX

Most current bridges are **more centralized than advertised** and are **effectively multisig wallets**.

The Polygon PoS bridge, the Avalanche bridge, and the Wormhole bridge are centralized bridges. Even the new crop of bridges like LayerZero are starting as centralized entities.

CelsiusX has designed a bridge that abstracts away the bridging and token wrapping process for the end user.

**This is the optimal solution for less sophisticated retail as well as institutions that want to minimize custody and decentralized bridging risk.**



DeFi arm of Celsius Network

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**Fully Transparent** - Leverages Chainlink's Proof-of-Reserves (PoR) to show 1:1 backing of all wrapped assets.

**Flexible** - Enables full wrapping and unwrapping functionality of native and non-natives tokens.

**Easy to Use** - Allows easy on/off ramps into DeFi ecosystems.

**Cost Effective** - Bridging and wrapping is completely free; no fees to users.

# 07 Custody Can't Keep Up



As the cycles get faster,  
wallet custody providers  
can't keep up.

**The cycles in crypto are getting faster by the day.**

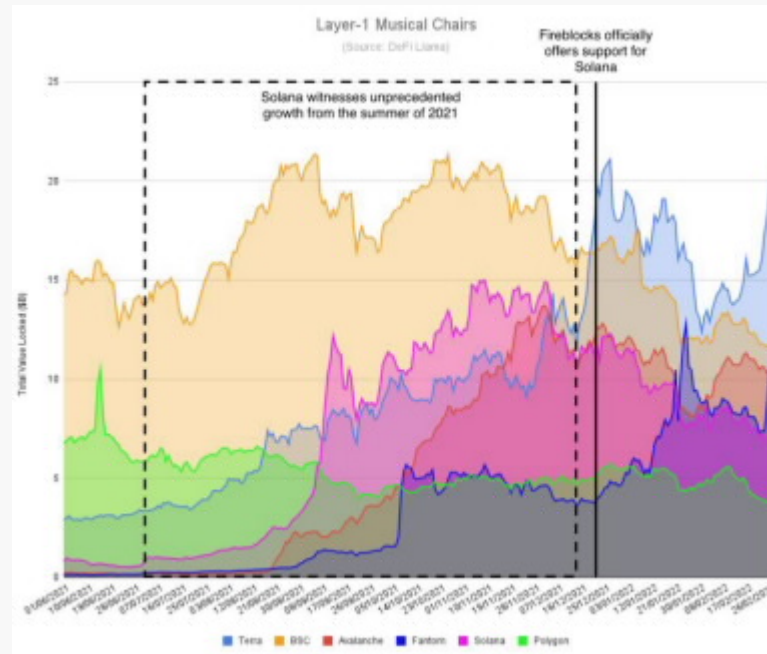
As crypto adoption grows and more institutions enter the space, opportunities are decaying faster than ever.

This is most pronounced in the Layer-1 “musical chair” liquidity rotation game still prevalent in the market.

**The biggest constraint for institutions entering emerging blockchains has been wallet custody provider support.**

**Example:** Solana experienced unprecedented growth in the summer of 2021 but major providers such as Fireblocks and Copper could not support the network.

**By the time these firms built support the market had moved on to other Layer-1 chains.**





## GK-8: Stake to where the puck is going

Our recently acquired GK-8 solution is in **prime position** to offer tactical custody, staking, DeFi solutions for all the newest Layer1 blockchains.

**Celsius & GK-8 have identified NEAR protocol as one of the next best opportunities in crypto.**

Both Fireblocks and Copper do not natively support NEAR. **ETA is sometime end of 2-3Q2022.**

**GK-8 is tactically pivoting to get NEAR support ASAP.**

**In coordination with Celsius, they are already in discussions with the NEAR blockchain foundation and Chorus One staking provider on delivering a tactical 360-solution.**

## New Tactical Acquisition Strategy

1. Identify the next Layer-1 opportunities and **establish relationships and moats** with these leading **blockchain foundations**.
2. **Build tactical 360-solutions** faster than the competition.
3. Steal market share from the established players with unique offerings. **Start niche, go mass.**
4. Rely on Celsius's platform and DeFi expertise to **strengthen the flywheel effect**, i.e., cross sell structured products, security lending, etc.
5. **Rinse & repeat** across Layer-1s as capital rotates.

# 08 Focus on Institutions & Asia



# The Institutional Opportunity is Huge



*Drafted by David Ogilvy - Head of Custody Innovation*

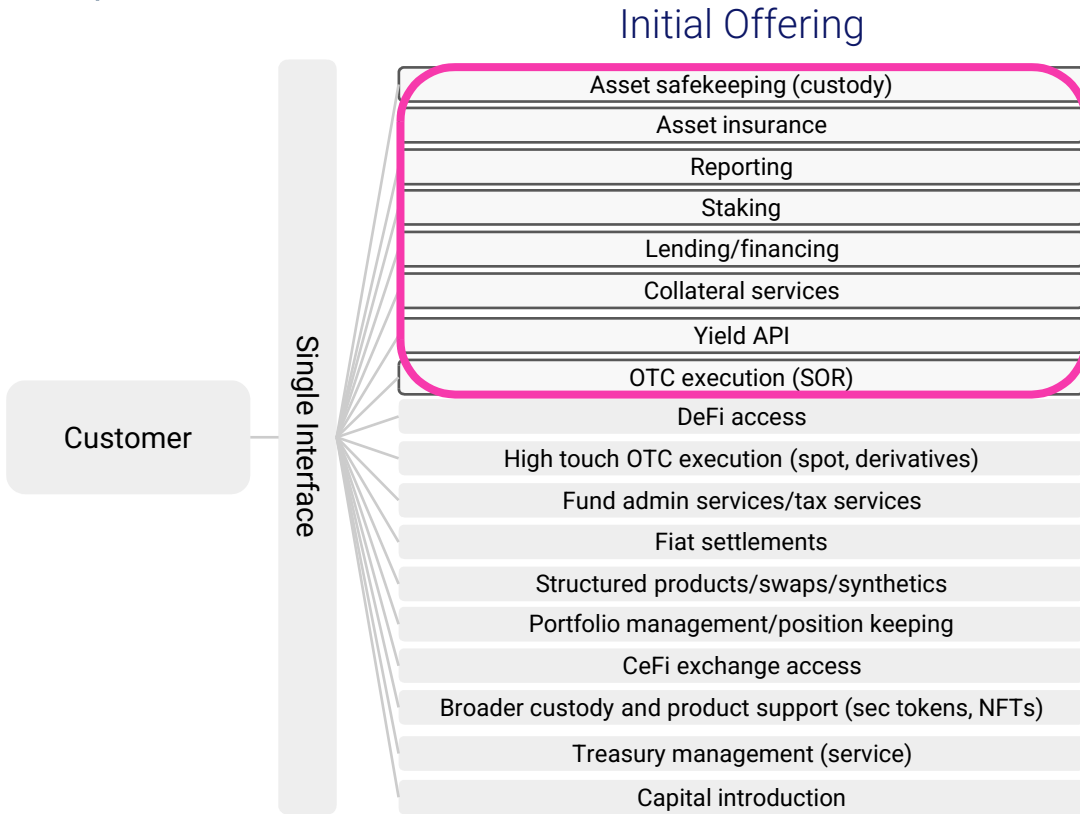


# Prime Services – One-Stop Access

**Institutions are looking for safe one-stop access to crypto**

- Asset security
- Liquidity/financial product access
- Interact with blockchains/ protocols
- Operational support

Celsius can offer this in a single service.



*Drafted by David Ogilvy - Head of Custody Innovation*





# Target Client Sectors



*Drafted by David Ogilvy - Head of Custody Innovation*



# Prime Service Competitor Offerings

	Summary of Offering	Key competitor in
Gemini	Acquired Omniex order execution and portfolio management system to complement crypto custody, clearing and OTC execution	Custody
Nexo	Trading: SOR, API trading, aggregated liquidity, OTC desk; custody vault and insurance; lending and financing for crypto	Yield services
Coinbase Prime	SOR (not just CB liquidity), cold storage, trading and client service; acquired Tagomi previously from Prime Services	Custody and prime
Genesis	Trading: SOR, API trading, aggregated liquidity, OTC desk; custody vault and insurance; lending and financing for crypto	Lending and execution
Galaxy/BitGo	Trading: SOR, API trading, aggregated liquidity, OTC desk; custody vault and insurance; lending and financing for crypto	Custody and prime
Matrixport	Single dealer execution, custody, lending, yield, structured solutions, derivs trading	Custody and prime, Asia

*Drafted by David Ogilvy - Head of Custody Innovation*



## Crypto is going global. Asia is the next opportunity.

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- Asia is currently the largest untapped market.
- Largest populated region **4.7 billion**.
- **2.8 billion** mobile subscriptions.
- Half the population remain **unbanked**.
- **Friendlier** cryptocurrency regulation.
- World's **fastest growing** middle class.
- Asia will be **50%** of **global GDP** by 2040.

## Celsius by the numbers

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Celsius current APAC wallet:

- **\$1.75B** AUM
- **+150K** customers
- **+500** corporate customers

Top 5 APAC Countries	AUM
Australia	\$719,086,516
Singapore	\$335,112,800
Hong Kong	\$244,675,555
Thailand	\$122,403,386
Korea	\$81,882,922
<b>Grand Total</b>	<b>\$1,756,660,820</b>



# Asia Leads in Cryptocurrency Ownership

Country	▼ Any crypto	Bitcoin	Ethereum	Cardano	Binance Coin	Dogecoin
 Nigeria	24.2%	16.1%	5.8%	2.8%	4.8%	5.3%
 Malaysia	18.0%	11.0%	6.1%	3.8%	3.6%	3.4%
 Australia	17.7%	11.6%	7.5%	4.7%	2.6%	4.1%
 Indonesia	16.7%	10.0%	4.4%	3.9%	4.5%	4.7%
 Hong Kong	15.8%	9.2%	2.4%	2.5%	3.3%	2.6%
 Singapore	15.6%	10.4%	8.2%	3.6%	2.7%	1.8%
 India	15.4%	8.8%	3.5%	3.0%	1.5%	2.6%
 Philippines	13.3%	8.6%	2.3%	2.4%	2.5%	1.8%
 Mexico	12.1%	6.5%	3.0%	2.5%	3.0%	2.3%
<b>Average</b>	<b>11.4%</b>	<b>6.8%</b>	<b>3.2%</b>	<b>2.2%</b>	<b>1.9%</b>	<b>2.3%</b>
 United States	10.4%	4.9%	3.3%	1.9%	1.0%	3.2%

Source: Finder (2021)



## Major crypto firms operate out of Asia due to Western regulatory uncertainty.

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- Major U.S. crypto firms operate their trading businesses out of Asia (HK, SG, etc.) due to Western regulatory uncertainty.
- **It's critical we invest in Asia to service these clients.**
- Even our competitors are based out of Asia. Crypto securities lending, yield-products are becoming extremely popular.
  - **Amber** - HK Headquartered
  - **Babel** - HK Headquartered
  - **Matrixport** - HK Headquartered

## Our biggest institutional AUMs are from Asia registered entities.

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**Alameda Research** (HK) - \$700M

**Amber Group** (HK) - \$320M

**Cumberland** (SG) - \$166M

**Auros** (HK) - \$123M

**Three Arrows** (SG) - \$91M

**Janes Street** (HK) - \$89M

**Antelope** (HK) - \$77M



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09 Closing remarks





# Annual Strategic Plan - Executive Summary

- Planning to **maintain positive NIM** (growing to 2% by EOY) through (1) strengthening deployments, (2) reducing rewards, and (3) introducing fees (e.g., on OnRamps and Swaps); in addition, intending to **strengthen our balance sheet** through the IPO of our mining business and additional opportunistic deals (e.g., Polygon JV, NFT)
- Aiming to increase **total value of coins managed to ~\$30B**, through the addition of new coins (leveraging GK8 to be first movers with new protocols, e.g. NEAR), improving our retail product offerings, and a significant focus on HNW and institutional customers (due to development timelines, we expect the latter two improvements to have a more material impact on 2023); each new product is being built with an API architecture to enable future packaging as a part of **CWS** offering
  - **Retail retention & growth**: Launching new products that will put us on par with competitors (e.g., OnRamps, Credit Card, Custody, Swap, Staking); in addition, deploying a targeted marketing approach in key new geographies, which we'll enter through local licenses or partnerships (e.g., Australia, Germany, Japan)
  - **HNW & institutional growth**: Developing a sub-brand, CelsiusPrime, which will provide services for corporate users (e.g., prime brokerage)
- **Restructuring the organization** to enable a more effective dual focus on retail and institutional product development; at the same time, our plans include a thorough emphasis on improving our **culture**, internal **systems, processes, and controls**



# Break-even profitability (ex-mining)

- **Key challenges:**

- Reduction in CeFi revenue expectations
- Unable to remain profitable & competitive on yield rates as previous years due to new competitor positioning
- Significant opex increase required to support longer term growth plans (in particular, engineering resources)

- **Approach:**

- **Remain positive and grow week-by-week net revenue** through:
  1. Strengthening deployments (relaunch CeFi)
  2. Reducing rewards
  3. Introducing fees (on OnRamps, Swaps, Staking, and CC)
- Introducing **expense discipline**
- **Strengthen our balance sheet** through:
  1. IPO of mining business
  2. Additional opportunistic deals (e.g., Polygon JV, NFT)

## KPIs

<u>4/1/22</u>	<u>EOY '22 target</u>
<b>NIM</b>	
0%	2%
<b>Under-deployed coins</b>	
6%	<5%
<b>Fee coverage</b>	
0	[Cost]
<b>Expenses to revenue (ex. mining)</b>	
N/A	70%
<b>Capital generation from IPO/Strategic acquisitions</b>	
N/A	\$1B





## ● Key challenges:

- Our retail products are lacking key features offered by most of our [competitors](#)
- Lack of substantive growth over past 6 months indicating our community-driven growth / WOM has plateaued
- Unable to provide Earn in the US

## ● Approach:

- Focusing on **launching critical products** for Celsius to become on par with competitors as a “one stop shop” for crypto activities (**On-Ramps, Staking, Swaps, Credit Card, Debit Card, Custody**); several of these features will provide **new monetization opportunities**
- Shifting focus to new countries by entering via local licenses or partnerships (e.g., **Mercado Libre/Paxos**) and with a localized marketing approach

## KPIs

<u>4/1/22</u>	<u>EOY '22 target</u>
<b>B100 accounts</b>	
0.3M	0.5M
<b>% of accounts that are B100</b>	
~20%	25%
<b>Retail non-US coins (in Earn)</b>	
\$3.7B	\$4.75B
<b>Retail US coins (in Earn)</b>	
\$4.96B	\$5.5B
<b>Retail &amp; HNW loans collateral</b>	
\$3B	\$5.9B
<b>API partners percentage of book</b>	
<~1%	5%
<b>SWAPs daily volume</b>	
~\$3M	\$10M
<b>Customers with CEL (percentage earn in CEL)</b>	
86,027 (18%)	200,000 (50%)



# Corporate & institutional growth

- **Key challenges & opportunities:**

- **Market shift** towards institutional holdings of crypto (in particular, in Asia)
- Corporate and institutional segments have seen significant growth without tailored product offerings, suggesting an opportunity to exponentially increase market share

- **Approach:**

- Growth in 2022 attributed primarily to **enhanced sales efforts** leading to new institutional customers
- In order to cement market leadership, developing a **sub-brand** focused on institutional product offerings, including prime brokerage, structured products, and institutional sub-custody, with a separate go-to-market approach (with a particular **focus on Asia**)
- Each retail and institutional product will be built as an API architecture to enable future packaging as a part of **CWS** offering
- Leveraging **GK8** to offer tactical custody, staking, and DeFi solutions for the **newest Layer-1 blockchains** (e.g., NEAR)

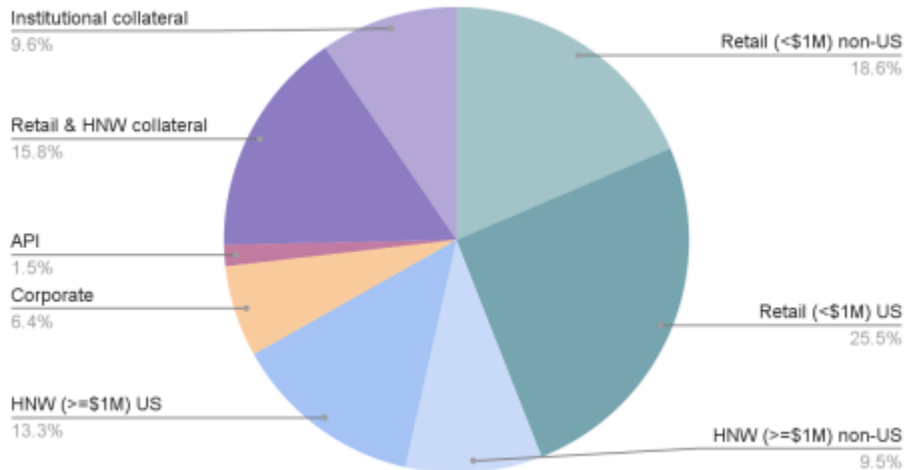
## KPIs

<u>4/1/22</u>	<u>EOY '22 target</u>
<b>HNW (&gt;=\$1M) user assets</b>	
\$4.5B	\$5.75B
<b>Corporate user assets</b>	
\$1.4B	\$2.5B
<b>Institutional loans collateral</b>	
\$1.8B	\$2.3B

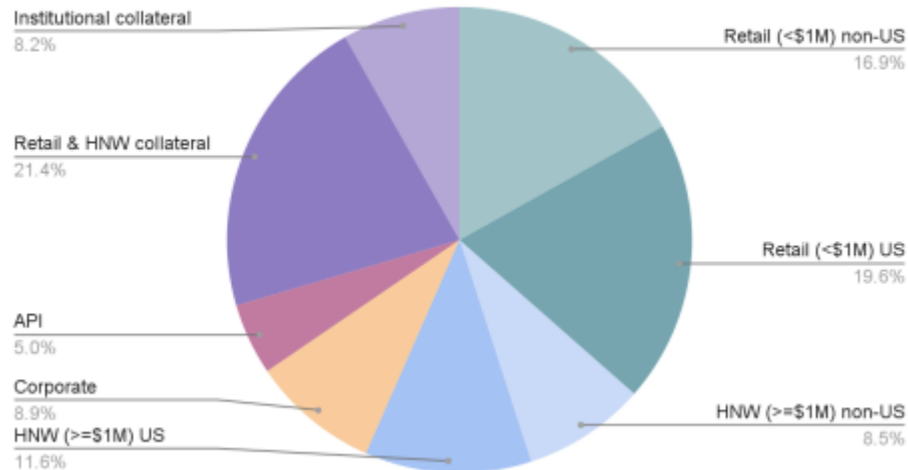


# Expecting relative reduction of US and increase of API and non-US

Total value of coins managed (4/1/22)



Total value of coins managed (EOY '22 target)





	4/1/22	EOY '22 Target	Growth rate	Primary drivers
Retail (<\$1M) non-US user assets	\$3.62B	\$4.75B	31.4%	<ul style="list-style-type: none"> <li>Refocused marketing efforts</li> <li>Improved OnRamps</li> </ul>
Retail (<\$1M) US user assets	\$4.96B	\$5.50B	11.0%	<ul style="list-style-type: none"> <li>Conversion of non-accredited to accredited</li> <li>Improved OnRamps</li> </ul>
HNW (>=\$1M) non-US user assets	\$1.85B	\$2.40B	29.7%	<ul style="list-style-type: none"> <li>Refocused marketing efforts</li> <li>Improved OnRamps</li> </ul>
HNW (>=\$1M) US user assets	\$2.59B	\$3.25B	25.6%	<ul style="list-style-type: none"> <li>Ongoing marketing efforts</li> <li>Improved OnRamps</li> </ul>
Corporate user assets	\$1.24B	\$2.50B	102.1%	<ul style="list-style-type: none"> <li>New sub-brand and enhanced marketing</li> </ul>
API user assets	\$0.29B	\$1.40B	386.1%	<ul style="list-style-type: none"> <li>Focus on strategic partnerships (e.g., Paxos/Mercado Libre)</li> </ul>
Retail & HNW loans collateral	\$3.07B	\$6.00B	95.3%	<ul style="list-style-type: none"> <li>Launched a VIP desk</li> <li>Adjusted LTV and rates</li> <li>Receiving 10-15 state lending licenses in the US</li> <li>Loans from Custody (not from Earn), so expect higher conversion rates</li> <li>Credit/debit credit launch</li> </ul>
Institutional loans collateral	\$1.86B	\$2.30B	23.7%	<ul style="list-style-type: none"> <li>Linked to overall business growth</li> </ul>



# Strengthening the business foundations

- **Key challenges:**

- Lack of robust technological infrastructure to support banking operations
- Rapid scale of business without appropriate processes and controls

- **Approach:**

- **Restructure organization** to more effectively support dual focus on retail and institutional product offerings
- Significant focus on rolling out programs to improve company **culture, employee engagement and accountability**
- Improve **core enterprise systems & architecture** (trading, coin settlement, control function systems - risk, finance, compliance) and **automate banking operations** (accounts, customer life cycle, loans management, customer management)
- Ensure **processes & controls** are in place to support responsible growth

## Key milestones

Milestone	Target date
Culture review	Q3 '22
Org restructure	Q3 '22
New performance review process launched	Q3 '22
24/7 coverage secured	Q4 '22
Core enterprise systems & architecture updated	TBD

# 2022 Annual Goals

## Mission

Enable 100 million people achieve financial freedom

## Vision

A world-class financial services company that is a “one stop shop” for all crypto needs, providing transparent, compliant, and fair financial services, prioritizing our community’s interests and well-being

<b>Drive regulatory compliance &amp; risk mitigation</b>	G1. Enable ongoing retail operations in the US G2. Enable launch in key new global markets G3. Obtain key compliance and security certifications
<b>Build our talent &amp; culture</b>	G4. Improve employee well-being and instill sustainable work expectations G5. Streamline recruiting efforts, ensure 20% of new recruits (non-tech) have industry expertise, and strengthen crypto knowledge with current workforce G6. Ensure our values are embedded in our business by developing robust CSR activities
<b>Fortify the business operations</b>	G7. Update our operating model to support a robust and scalable business G8. Ensure processes & controls are in place to support responsible growth and drive collaboration
<b>Fortify the technological &amp; security foundation</b>	G9. Improve internal systems and automate banking operations (accounts, customer life cycle, loans management, customer management) G10. Improve internal financial and deployment systems (trading, coin settlement, risk control, reporting, accounting, tax) G11. Advance and enhance security governance and product security (secure development life cycle)
<b>Enhance products &amp; drive customer growth</b>	G12. Establish our ability to serve as a “one stop shop” for all crypto activities G13. Expand Celsius offering and GTM approach to target HNW, corporate, and institutional clients G14. Increase number of B100 accounts 2x to 0.6M with a focus on non-US users G15. Build tech stack to support foundations of Crypto Web Services (CWS)
<b>Accelerate the flywheel</b>	G16. Increase utility of CEL, reaching (1) 200,000 customers and (2) 50% of eligible users earning in CEL
<b>Diversify the business &amp; drive gross profitability</b>	G17. Maintain week by week gross profitability through deployments (coin-specific strategies) G18. Diversify revenue streams G19. Support mining corporate development



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# 2021 & 1Q22 - Management Results

## Executive Summary

### 2021 P&L Results

- 2021 pre-tax loss of (\$811mm) - with ~\$62mm of NIBT from Mining offset by a pre-tax loss of (~\$873mm) ex-Mining
- 2021 Net Revenue of \$43mm - Mining net revenue of \$133mm - net revenue ex-Mining a negative (\$90mm) with a payout ratio of 123%.
- 2021 included recognized investment (gains)/losses of (\$11mm) primarily from Grayscale loss \$120mm, Mining CLA gain (\$34mm), Qredo Equity transaction gain (\$69mm) and Matic & 1Inch transaction gain (\$23mm)
- Credit-Market-Operational losses includes \$577mm of reserves for EFH (\$288mm), Stakehound (\$105mm), Operational reserve (\$100mm), Badger (\$49mm) and Institutional Loan Reserve (\$35mm)
- Total expenses of \$287mm - \$61mm for Mining costs and \$226mm ex-Mining of which \$141mm is compensation + \$29mm is gas fees
- \$124mm of capital at December 2021; the series A and B raises were largely offset by Credit-Market-Operational Losses of (\$577mm)

### 1Q22 P&L Results

- 1Q22 pre-tax loss of (\$165mm) - with \$7mm of NIBT from Mining offset by a pre-tax loss of (\$172mm) ex-Mining
- 1Q22 Net Revenue of negative (\$24mm) - Mining revenue of \$34mm - net revenue ex-Mining of a negative (\$58mm)
- 1Q22 included recognized investment losses of \$46mm, specifically Mining CLA gain (\$4mm), Qredo Equity transaction loss \$35mm and Matic & 1Inch transaction loss \$15mm
- Credit-Market-Operational gain of \$5mm from partial recovery of "Badger Hack"
- Total expenses of \$99mm - \$27mm for Mining costs and \$72mm ex-Mining of which \$40mm is compensation and \$7mm of gas fees.
- Negative (\$60mm) of capital, reduction from December 2021 is largely from operating losses in 1Q22





## 2021 &amp; 1Q22 Management P&amp;L

(\$s millions)	FY 2021	1Q22
Retail Loans	\$23.8	\$9.1
Institutional	\$186.9	\$41.8
Exchanges/CeFi	\$214.3	-\$9.5
Defi	\$119.0	\$39.0
Staking	\$53.1	\$28.6
Mining Revenue	\$150.2	\$49.3
Other Revenue	\$0.3	-\$0.3
<b>Gross Revenue</b>	<b>\$747.6</b>	<b>\$158.1</b>
Rewards in Kind	\$582.2	\$152.3
Borrow Cost & Other	\$122.9	\$30.0
<b>Cost of Revenue</b>	<b>\$705.1</b>	<b>\$182.3</b>
<b>Net revenue</b>	<b>\$42.5</b>	<b>-\$24.2</b>
Recognized (gain) / loss	-\$10.5	\$46.4
Credit-Mkt-Op losses	\$576.8	-\$4.6
OpEx (ex-Mining)	\$226.4	\$72.0
Mining Costs	\$61.0	\$26.5
Total Expenses	\$287.4	\$98.5
<b>NIBT</b>	<b>-\$811.2</b>	<b>-\$164.5</b>
<b>Net Income</b>	<b>-\$632.7</b>	<b>-\$128.3</b>
Payout Ratio	123%	193%

Note: Interco interest between Mining and Celsius totalled \$17.0 in 2021 and \$13.2mm in 1Q22

## Highlights

## FY2021

- Pre-tax loss of (\$811mm)
- Net Revenue of \$43mm with +\$133mm from Mining production net of funding charges - ex-Mining net revenue of negative (\$90mm) driven by a payout ratio of 123%
- Recognized (gains)/losses includes:
  - Grayscale loss \$120mm
  - Mining CLA gain (\$34mm)
  - Qredo Equity transaction gain (\$69mm)
  - Matic & 1Inch transaction gain (\$23mm)
- Credit-Market-Operational losses includes \$577mm of reserves for:
  - EFH (\$288mm)
  - Stakehound (\$105mm)
  - Operational Loss Reserve (\$100mm)
  - Badger (\$49mm)
  - Institutional Loan Reserve (\$35mm)
- Expenses of \$287mm - \$61mm of Mining costs and \$226mm ex-Mining of which \$141mm is from compensation and \$29mm from gas fees paid
- CEL token accounting for management/GAAP purposes still open due to inconsistent accounting guidance from audit firms. Potential risk to Management P&L of \$40mm pre -tax.

## 1Q22

- Pre-tax loss of (\$165mm)
- Net Revenue of negative (\$24mm) with +\$34mm from Mining production - ex-Mining net revenue of (\$58mm) driven by negative revenue of (\$10mm) in CeFi and a payout ratio of 193%
- Recognized (gain)/losses includes:
  - Mining CLA gain (\$4mm)
  - Qredo Equity transaction loss \$35mm
  - Matic & 1Inch transaction loss \$15mm
- Expenses of \$99mm - \$27mm from Mining costs and \$72mm ex-Mining of which \$40mm is from compensation and \$7mm of gas fees



(\$s millions)	2021	Q1 2022
Retail Loans	\$23.8	\$9.6
Institutional	\$186.9	\$41.8
Exchanges/CeFi	\$214.3	-\$10.8
Defi	\$119.0	\$39.0
Staking	\$53.1	\$28.6
Mining Revenue	\$150.2	\$49.3
Cel Token Treasury Rewards	\$104.7	\$0.0
Other Revenue	\$0.5	\$0.5
<b>Gross Revenue</b>	<b>\$852.6</b>	<b>\$158.1</b>
Rewards in Kind	\$582.2	\$152.3
Borrow Cost & Other	\$100.7	\$30.0
<b>Cost of Revenue</b>	<b>\$682.9</b>	<b>\$182.3</b>
<b>Net revenue</b>	<b>\$169.7</b>	<b>-\$24.2</b>
Crypto MTM	-\$3,677.6	\$1,305.3
Equity Inv. Loss/(Gain)	\$352.9	-\$121.9
Credit-Mkt-Op losses	\$576.8	-\$4.6
OpEx (ex-Mining)	\$280.6	\$72.0
Mining Costs	\$61.0	\$26.5
Total Expenses	\$341.6	\$98.5
<b>NIBT</b>	<b>\$2,576.0</b>	<b>-\$1,301.5</b>
Net Income	2606.3	-1519.2

## GAAP reconciliation to Management P&L

### 2021 Full year

- 2021 NIBT of +\$2.6B, significantly driven by a favorable crypto MTM of +\$3.7B due to lower crypto prices vs. cost basis and net liability position - crypto MTM not in management P&L. **Primary difference is assets MTM through equity and liabilities to P&L under IFRS.**
- Net Revenue of \$170mm - \$127mm higher than management results primarily due to \$105mm recognized for CEL bonus (\$44mm) and rewards (\$60mm) - CEL Token Treasury Rewards not in management P&L. Future fundings of (\$22mm) included in management P&L as a reduction of net revenue - included in OpEx for GAAP.
- CEL token accounting for management/GAAP purposes still open due to inconsistent accounting guidance from audit firms. Potential risk to GAAP P&L of \$105mm pre -tax.
- Recognized (gains)/losses include:
  - Grayscale/EAM adjustment of ~\$360mm to management P&L due to disconnect of asset/liability treatment through P&L and equity
  - Mining CLA, Qredo, Matic & 1inch gains (\$126mm) - no change to management results
- Credit-Market-Operational losses includes \$577mm of reserves - no change.
- Expenses of \$342mm - \$54mm higher than management results due primarily to: CEL bonus \$44mm (not in management P&L), \$22mm future fundings (reduction of net revenue in the management P&L)

### 1Q22

- Pre-Tax loss of (\$1.3B), significantly driven by a unfavorable crypto MTM of (\$1.3B) due to improved crypto prices in 1Q22 on the net liability position - crypto MTM not in management P&L. **Primary difference is assets MTM through equity and liabilities to P&L under IFRS.**
- Net Revenue of negative (\$24mm) - no change
- Recognized (gain)/losses includes:
  - Grayscale gain of \$171mm - not in management P&L
  - EAM loss of \$3mm loss - not in management P&L
  - Mining CLA, Qredo, Matic and 1inch net losses of \$46mm - no change to mgmt.
- Expenses of \$99mm - no change



# 2022 Operating Plan Executive Summary

## Financial Highlights

- **2022 continues the 2021 story of client and digital asset growth alongside investment in headcount, technology and infrastructure/controls**
- **Plan to have 3mm registered users by year end 2022 - up from 1.7mm in March** - with ~455k users holding \$100+ value in coins (B100) - up 170k or 60% from March - ~55% of the growth from non-US - deployable balances reach ~\$28.1 by year-end
- **Celsius expected to be profitable starting in September - Celsius Ex-Mining profitability expected in November**
- **Significant earnings power in the Celsius Business Model** and the path requires 2.00% NIM and disciplined expense management.
  - **Improving earnings momentum** - planned sequential quarterly net revenue growth of \$121mm or 112% in Q3 v Q2 and \$118mm or 51% in Q4 v Q3 - expect improved NIBT growth of \$68mm in Q3 (sequentially) and \$90mm in Q4 (sequentially)
  - **Planned ~2.00% NIM in 4Q22** - grows from ~0% NIM in April - expected improvement is driven by reward reductions - including BTC Tier 2 & 3 rate reductions in May +\$2.5mm and further reward reductions across various coins in June +\$4mm - and favorable deployment expectations in CeFi, DeFi & Staking
  - **The 4Q22 run rate for Mining NIBT is consistent with \$350mm annualized**
- **Projected pre-tax loss of (\$159mm) for 2022** - with +\$195mm of NIBT from Mining offset by a pre-tax loss of (\$354mm) ex-Mining
- **Planned Net Revenue of \$661mm in 2022 - increase of +\$618mm YoY** on strong Mining net revenue +\$359mm and net Revenue Ex-Mining expected to increase +\$260mm YoY
- **OpEx of \$631.4mm projected for 2022 - up +\$344mm YoY** from +\$236mm in Mining and +\$108mm ex-Mining - ~70% is from higher headcount which is expected to grow ~1,100 by year-end
- **Planned 2022 Credit, Market and Operational losses of \$142mm - compared to \$577mm in 2021 - decrease of \$435mm YoY**
- **Although our capital currently sits near zero - we have a clear path to build up our capital position**
  - **Series A and B raised ~\$700mm which was largely offset by Credit-Market-Operational Losses of (\$577mm).** Losses include EFH (\$288mm), Stakehound (\$105mm), Operational Loss Reserve (\$100mm), Badger (\$49mm) and Institutional Loan Reserve (\$35mm)
  - **By early- to mid-2023, we should be able to boast IFRS capital levels of \$1.5-2.0 billion - within the range our EC models imply as well capitalized**
- **At current BTC levels the Mining NIBT could decrease by \$75mm**



# 2022 Operating Plan Risks and Opportunities

## Risks

- **More capital needed to build a fortress balance sheet** - growth, settlement, idiosyncratic credit events and/or a continuation of a crypto bear market are significant risks
- **Key partners and counterparties are requiring access to audited and recent unaudited financial statements.** Given the financial risk involved in choosing counterparties in this business, a strong capital position will be necessary to do business with many partners
- **High margins in mining could compress with new entrants** - additionally BTC in the high \$30k range would reduce NIBT by \$100mm
- **Deployment opportunities are market dependent** and difficult to maintain with high growth within risk appetite - significant growth assumed in CeFi, DeFi and Staking at current APYs
- Planned growth is higher vs. run rate - +615 planned daily new users vs 400 - \$25mm planned daily flows of vs. ~\$0

## Opportunities

- **Manage expenses lower** - limit headcount growth - shift mix to lower cost locations - performance management - launch T&E policy
- **Introduce fee income** - provide a consistent revenue stream - start by introducing fees at cost for gas and swaps
- **GK8 revenue** - from build out of platform, distribution and integration of Celsius Network
- **Stop buying CEL on exchanges for reward payments** - use Treasury balances
- **Enter new markets and launch products through acquisitions** - but M&A unlikely to be accretive in 2022 and will use scarce capital
- **Creating stickiness of customers and improving the experience and engagement** - significant investment to build a "one stop shop" with the launch of swaps - lower friction through on ramps - launch custody for US non accredited ("US Non Deployable") - improvements should allow for pricing changes with a goal of earning a reasonable return



# 2H22 & 2023 Will Benefit From Key Initiatives Currently Underway

## Key Initiatives Expected to Further Enhance Celsius' Best-in-Class Crypto Diversified Business Model

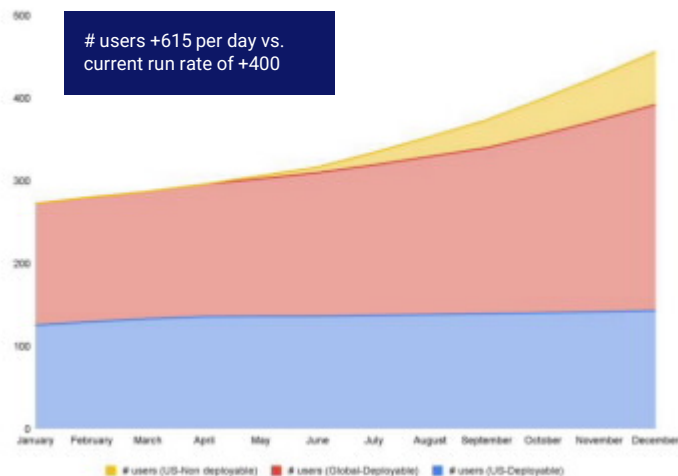
- **Partnerships/CWS.** Paxos/Mercado Libre partnership in the works should bring us access to >10mm digital asset enabled Brazilian customers in 2H22. This could be a game changer.
- **New products:**
  - **On-Ramps.** In April 2022, we added banking on-ramps into Celsius in the state of California for the first time. This will increase the funnel of onboarded accounts from the current funded account level of ~10% of new registrations.
  - **Client Direct Staking.** Product being delivered Q2-Q3 could be a replacement for Earn product for millions of Americans and an augmentation to Earn product for millions of global customers. This will offer direct staking capabilities where Celsius takes 10-20% share of rewards with improved risk profile. This can also be enhanced with CEL token to improve CEL token functionality.
  - **Swaps** - current levels of \$4-5mm per day should be significantly increased with improved economics and partnership(s) with exchanges. Need to expand geographic capability to >300,000 Celsius users currently able to swap on network.
  - **Credit Card** - functionality being launched will also increase functionality for non-accredited American custodian customers in addition to all customers. This will also improve NIM and fee income.
  - **Debit Card** - increased client value proposition; improved stickiness/retention due to enhanced user experience.
  - More efficient **retail loans** - product relaunch should drive increased client penetration and increasing profitability
- **Institutional/HNW/Corporate offering**
  - **Wealth Management Structured Products** - create digital asset based structured product suite for HNW clients.
  - **IRA and robo-advisor** - Linus acquisition of Robo-advisor will provide these offering in a short schedule, provide Digital Asset retirement planning solutions
  - **Prime brokerage** - significant revenue generator across industry; key gap for Celsius
- **Custody** - Scale GK8 and new Celsius custody product as a gateway (or a place to park assets) for future utilization through the other products (staking, asset-backed loans, etc.).
- **CeFi relaunch** - includes Cash & Carry, Market Making, Arbitrage, Futures Funding and Stablecoin Desk. \$150mm included in 2022 Operating Plan including \$400mm run rate gross revenue by Q4/22.



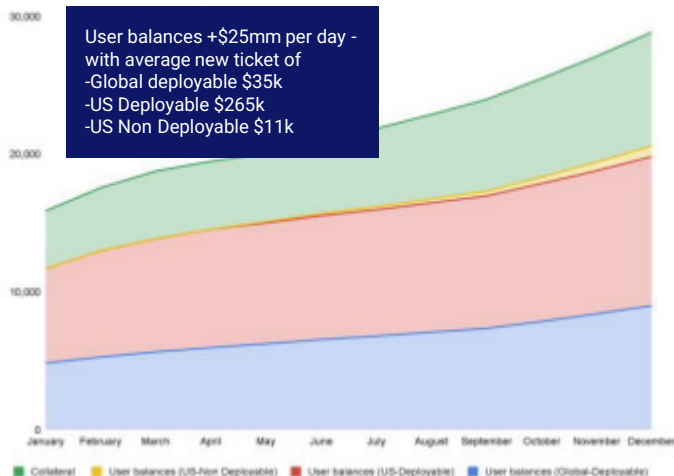
## Key Initiatives Expected to Enhance Client/Balance Growth Significantly in 2H 2022

- **The plan assumes significant growth in users and balances - 3mm registered users by year end**
- **# users (B100) reaches ~455k by December** - up 170k or ~60% from March - with ~55% of the growth from non-US
  - **Deployable balances reach \$28.1B in December - up ~\$8.2B YoY** - US custody balances (non-deployable) of \$.8B in December - planned value of coins managed expected to be \$28.8B in December

# of users (in thousands)



\$ Value of Coins (in millions)





(\$s millions)	2022	2021	H/L	%
Retail Loans	\$48.9	\$23.8	\$25.1	105%
Institutional	\$189.9	\$186.9	\$3.0	2%
Exchanges/CeFi	\$174.5	\$189.2	-\$14.7	-8%
DeFi	\$271.4	\$119.0	\$152.4	128%
Staking	\$152.4	\$53.1	\$99.3	187%
Mining Revenue	\$552.6	\$150.2	\$402.4	268%
Other Revenue	\$1.8	\$25.4	-\$23.6	-93%
<b>Gross Revenue</b>	<b>\$1,391.4</b>	<b>\$747.6</b>	<b>\$643.8</b>	<b>86%</b>
Rewards	\$615.0	\$582.2	\$32.7	6%
Borrow Cost & Other	\$115.8	\$122.9	-\$7.1	-6%
<b>Cost of Revenue</b>	<b>\$730.7</b>	<b>\$705.1</b>	<b>\$25.6</b>	<b>4%</b>
<b>Net revenue</b>	<b>\$660.7</b>	<b>\$42.5</b>	<b>\$618.2</b>	<b>1454%</b>
Recognized (gain) / loss	\$46.4	-\$10.5	\$56.9	N/M
Credit-Mkt-Op losses	\$141.6	\$576.8	-\$435.1	-75%
OpEx (ex-Mining)	\$334.3	\$226.4	\$107.9	48%
Mining Costs	\$297.1	\$61.0	\$236.1	387%
<b>Total Expenses</b>	<b>\$631.4</b>	<b>\$287.4</b>	<b>\$343.9</b>	<b>120%</b>
<b>NIBT</b>	<b>-\$158.7</b>	<b>-\$811.2</b>	<b>\$652.5</b>	<b>N/M</b>
ex-Mining NIBT	-\$353.6	-\$873.2	\$519.5	N/M
Mining NIBT	-\$195.0	\$62.0	\$133.0	215%

## Highlights

- **Planned 2022 pre-tax loss of (\$159mm) compared to a pre-tax loss of (\$811mm) in 2021** - expected Mining NIBT of \$195mm; offset by pre-tax loss of (\$354mm) ex-Mining
- **Gross revenue of \$1.39B, +\$644mm or 86% YOY** from
  - Mining gross revenue of \$553mm, +\$402mm or +268% YoY
  - Deployment related gross revenue +\$241mm YoY on strong growth in Retail Loans, DeFi and Staking
- **Reward costs largely flat YoY but with strong growth in user balances ~33%**
  - Funding optimization reduced rewards cost by an expected \$135mm in 2022, 65% already completed and additional actions are planned for 2022 - total ~\$200mm+ annualized run rate
- **Recognized (gains)/losses for 1Q22 was a loss of \$46mm** from Qredo Equity transaction loss \$35mm, Matic & 1Inch transaction loss \$15mm and Mining CLA gain (\$4mm) - no gains or losses are forecasted for 2Q22-4Q22
- **Planned credit-market-risk losses of \$142mm**, expected to decrease significantly (\$435mm) YoY from lower reserve actions
- **Planned expenses of \$631mm, +\$344mm or 120% YoY** from
  - OpEx ex-Mining of \$334mm, +\$108mm or 48% YoY, ~70% of the increase from higher headcount
  - Mining costs of \$297mm, +\$236mm YoY on strong growth - Mining hosting and depreciation grow with revenues ~50% margin

Note 1: The expected "Credit-Market-Operational Losses" leverages an expected loss model consistently used by banks/financial institutions in TradFi. The amounts are high level modeled estimates as we continue to fine tune our risk management tools. The planned losses carry a high risk of execution - given the 2021 losses were >2x the planned 2022 levels despite a smaller business.

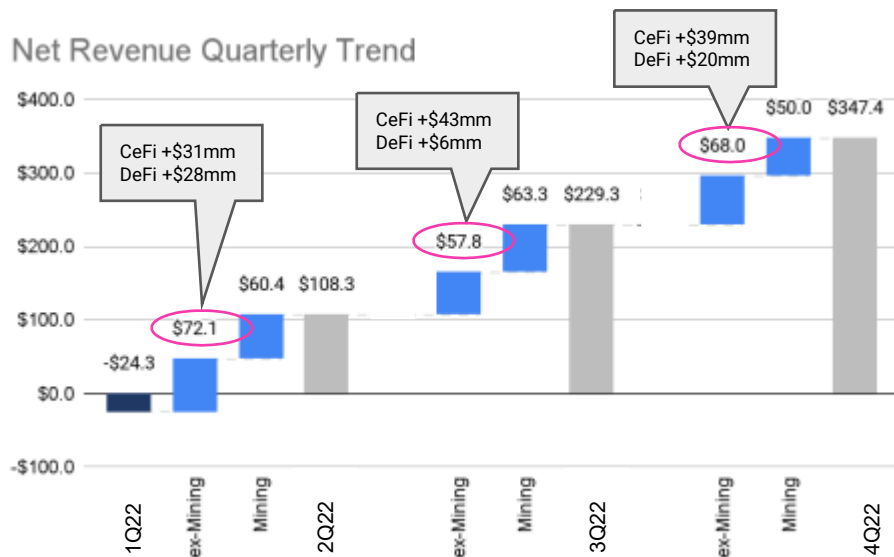
Note 2: Interco interest between Mining and Celsius totalled \$60.8 in 2022, +\$43.8mm YoY



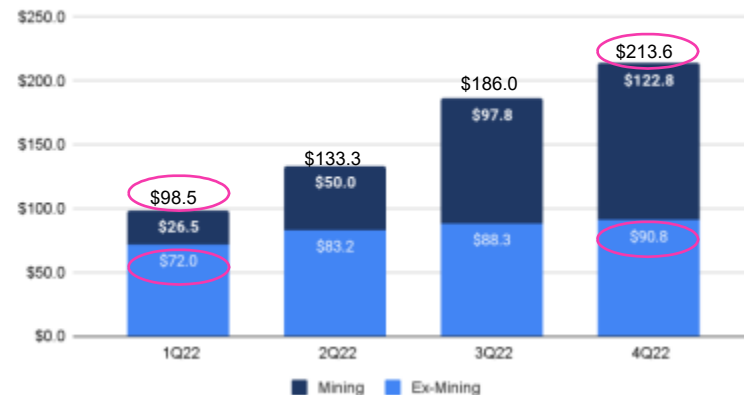
# Net Revenue & Expense Quarterly Trends

## Key Themes

- **Strong quarterly net revenue growth** from CeFi, DeFi and Mining
- **Quarterly reward costs are flattish** through 2022 - the reduction in rewards across coins offset the increase from user balance growth
- **OpEx growth driven by higher mining costs on higher production** ~ 50% margin- ex-Mining OpEx increases through the year and slows in 2H22



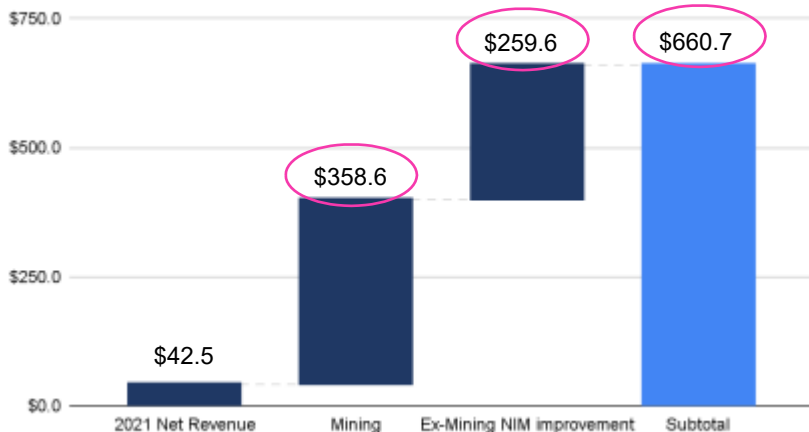
## 2022 Quarterly Expense Trends



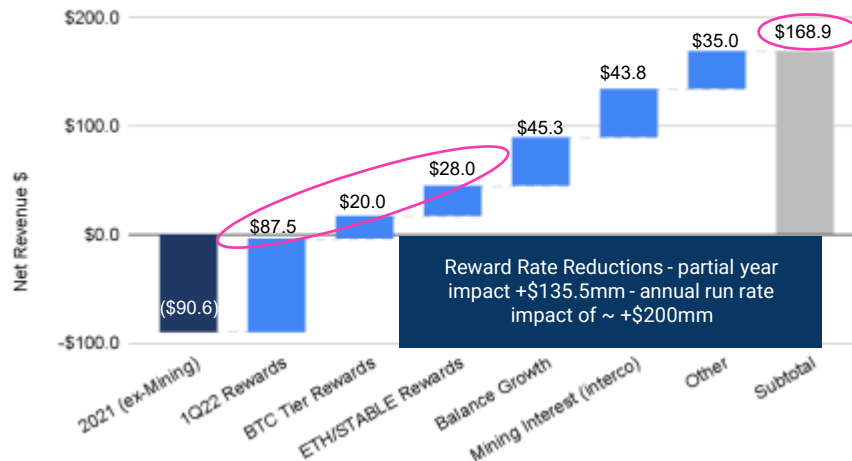




Net Revenue YoY



Net Revenue (ex-Mining) YoY



- **Planned net revenue of \$661mm, expected to increase +\$618mm YoY**
- **Expected Mining net revenue of \$492mm, a planned increase of +\$359mm YoY**
- **Planned ex-Mining net revenue of \$169mm, expected to increase +\$260mm YoY**
  - +\$136mm YoY from reward rate reductions for the partial year 2022 - annual run rate impact of reward reductions ~+\$200mm
  - +\$45mm YoY from higher user balances and collateral (at ~50bps NIM)

Note: Interco interest between Mining and Celsius totalled \$60.8 in 2022, +\$43.8mm YoY

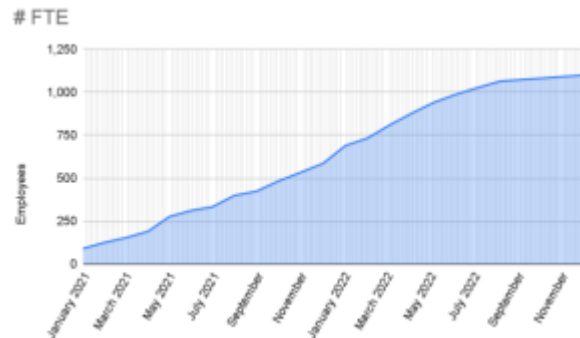


## Key Themes

- Planned OpEx of \$631mm, expected to increase +\$344mm YoY
- Expected OpEx ex-Mining of \$334mm, +\$108mm YoY with ~70% of the increase from headcount additions
- Planned Mining costs of \$297mm, +\$236mm YoY



- Headcount +452 YoY December (+650 full year average) @ \$140k average per employee driving a +\$95mm increase in compensation expense
- \$20mm transformation investment into core tech and ops infrastructure
- Mining hosting and depreciation grow with revenues ~50% margin





## Key Themes

- **Significant earnings power in the Celsius Business Model**
  - **Path to earnings potential requires ~2.00% NIM** and disciplined expense management

Exit Run Rate -  
Annualized

	4Q22	Annualized
Net revenue ex-Mining @ ~2% NIM	\$140.2	\$560.7
OpEx (ex-Hosting & Dep)	90.8	363.3
Credit-Market-Operational Losses	49.5	197.9
Run Rate NIBT (ex-Mining)	0+/-	0+/-
Mining NIBT	84.4	337.8
Run Rate NIBT	\$85mm +/-	\$350mm +/-

- The plan expects Ex-Mining to break-even in 4Q22 -requires NIM of ~2.00%+
  - +\$5B in balances could increase NIBT by +\$100mm - holding OpEx flat
  - 10% decrease in OpEx could add +\$35mm to NIBT
  - Potential to grow NIBT to \$500mm+ annually

Note: The expected "Credit-Market-Operational Losses" leverages an expected loss model consistently used by banks/financial institutions in TradFi. The amounts are high level modeled estimates as we continue to fine tune our risk management tools. The planned losses carry a high risk of execution - given the 2021 losses were >2x the planned 2022 levels despite a smaller business.



## Deployment P&amp;L - 4Q22 Exit Annualized

\$ in millions	Retail Loans	Institutional	CEFI/CNC*	Defi	Staking*	Mining	Under Deployed	CEL	Other (incl. Collateral)	Total
APY/Gross Revenue	\$69.1	\$217.5	\$402.9	\$371.3	\$225.3	\$888.8	\$0.0	\$0.0	\$3.1	\$2,177.9
Cost of Funds	-\$8.3	\$140.6	\$137.1	\$146.3	\$123.8	\$60.0	\$45.1	\$52.7	\$91.1	\$788.4
NIM	\$77.4	\$76.9	\$265.8	\$224.9	\$101.5	\$828.8	-\$45.1	-\$52.7	-\$88.0	\$1,389.5
OpEx & Losses	\$33.6	\$101.2	\$100.4	\$219.8	\$79.1	\$491.0	\$0.0	\$0.0	\$27.3	\$1,052.3
NIBT	\$43.9	-\$24.3	\$165.4	\$5.2	\$22.4	\$337.8	-\$45.1	-\$52.7	-\$115.3	\$337.2
Economic Capital	\$28.7	\$303.1	\$383.3	\$473.0	\$242.3	\$155.9	N/A	N/A	N/A	\$1,586.4
ROEC (22% ETR)	119%	-6%	34%	1%	7%	169%	N/A	N/A	N/A	17%
Balance	\$1,690	\$4,350	\$4,317	\$5,500	\$3,617	\$634	\$1,536	\$1,284	\$5,153	\$28,081

- **Total ROEC of 17% at 4Q22 run rate** - Retail Loans, CeFi and Mining provide excess returns
- **Marginal growth with flat expenses will deliver significant economic value** across deployment channels
- **Activity based costing study is required** to further refine profitability



# 2022 Financials

(\$s millions)	January	February	March	April	May	June	July	August	September	October	November	December	FY22	FY21	H/(L)
Gross Revenue	\$44.8	\$51.2	\$62.1	\$80.4	\$95.5	\$108.1	\$120.9	\$135.5	\$148.6	\$168.1	\$180.8	\$195.6	\$1,391.4	\$747.6	\$643.8
Cost of Revenue	60.7	60.7	60.9	60.8	59.2	55.7	57.0	58.5	60.0	62.7	65.6	68.8	730.7	705.1	25.6
Net revenue	-15.9	-9.5	1.2	19.6	36.3	52.4	63.9	77.0	88.5	105.3	115.2	126.8	660.7	42.5	618.2
(Gain) / loss			46.4										46.4	-10.5	56.9
Credit-Mkt-Op losses	0.2	0.5	-5.3	15.9	15.9	16.2	16.2	16.3	16.3	16.5	16.5	16.5	141.6	576.8	-435.1
Total OpEx	31.0	33.0	34.5	39.2	43.7	50.4	57.7	62.4	65.9	69.4	71.4	72.9	631.4	287.4	343.9
NIBT	-\$47.1	-\$43.0	-\$74.4	-\$35.5	-\$23.3	-\$14.2	-\$10.0	-\$1.7	\$6.4	\$19.5	\$27.4	\$37.4	-\$158.7	-\$811.2	\$652.5
NIBT - Celsius ex-Mining	-49.8	-44.7	-77.3	-43.2	-40.8	-32.9	-28.7	-21.3	-14.8	-7.7	0.8	6.7	-353.6	-\$873.2	519.5
NIBT - Mining	2.7	1.7	2.8	7.7	17.4	18.7	18.6	19.6	21.2	27.1	26.6	30.7	195.0	62.0	133.0
Net Income	-\$36.7	-\$33.6	-\$58.1	-\$27.7	-\$18.2	-\$11.1	-\$7.8	-\$1.3	\$5.0	\$15.2	\$21.4	\$29.2	-\$123.8	-\$632.7	\$509.0
Equity	\$47.4	\$4.9	-\$60.1	-\$87.8	-\$106.0	-\$117.1	-\$124.9	-\$126.3	-\$121.3	-\$106.1	-\$84.8	-\$55.5			
Key Drivers															
Value of Coins Managed	16,179	17,570	19,144	19,500	20,042	20,953	21,857	22,895	23,958	25,506	27,109	28,840	28,840	19,863	8,977
# B100 users (k)	272.4	280.6	287.1	296.0	306.0	316.4	334.4	353.4	373.4	399.3	426.9	456.3	456.3	302.2	154.1
NIM%	-2.16%	-1.36%	-0.71%	-0.02%	0.18%	0.68%	0.91%	1.30%	1.59%	1.87%	2.15%	2.30%	0.65%		
Under Deployed	811	1,554	1,166	1,706	2,127	2,188	2,129	1,723	1,440	1,147	1,338	1,536	1,536	\$1,502	34
Payout %	290%	190%	147%	112%	104%	87%	81%	71%	66%	61%	57%	55%	85%	123%	-38%
Headcount (incl. contractors)	688	732	808	877	940	987	1,027	1,064	1,073	1,082	1,092	1,100	1,100	648	452

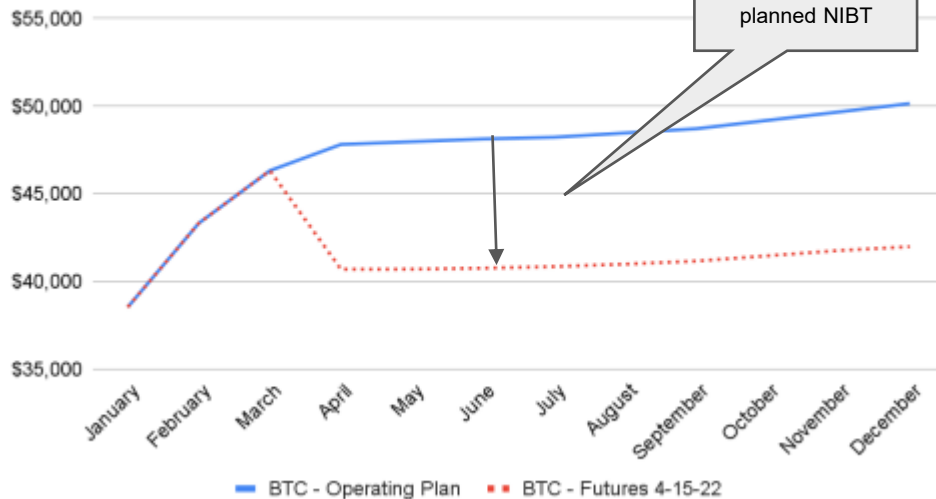


## Sensitivity Analysis

Sensitivity	NIBT
BTC Price +/- \$10k (mining)	+/- \$100mm
Under Deployed +/- 5%	+/- \$50mm
Deployment APY +/- 25bps	+/- \$30mm
Reward Rates +/- 25bps	+/- \$30mm
Losses +/- 25bps	+/- \$30mm
User Growth +/- 5%	+/- \$10mm
Headcount +/- 100	+/- \$6mm

## BTC Price Assumptions in Plan vs. Futures



### BTC - Operating Plan and BTC - Futures



- Average BTC operating plan \$48.7k vs. futures \$41.8 - \$6.8k lower



# Acquisitions Overview

GK8	People talent	Linus	Mining	Other
<ul style="list-style-type: none"><li>• \$115 mm.</li><li>• Market leader in custody.</li><li>• 2023 revenue opportunity: \$40 mm.</li><li>• Integration with Institutional team providing significant new business opportunities.</li></ul>	<ul style="list-style-type: none"><li>• Two targets currently being considered, both are accelerants into Technology.</li><li>• Talent acquisition at a lower overall cost versus hiring talent individually.</li><li>• Brings teams in new market</li></ul> 	<ul style="list-style-type: none"><li>• Linus is a cryptocurrency robo-advisor offering investment advisory services including profiling of retail customers.</li><li>• Auto-rebalancing functionality to maintain basket target exposures.</li></ul> 	<ul style="list-style-type: none"><li>• Potential source of operational talent &amp; integrated business model.</li><li>• Source of power/hosting.</li><li>• Could provide capital benefit for merger, and potentially access to capital markets.</li></ul>	<ul style="list-style-type: none"><li>• There are numerous other companies selling shares/businesses in the digital asset marketplace. At this point, we are focusing on growing our core business profitability given our existing offerings represent one of the most diversified business models in the industry. Additionally, we are looking to grow our capital base.</li></ul>
<div><ul style="list-style-type: none"><li>○ ~170 FTE in Serbia by year-end at estimated cost of \$90k per employee</li><li>○ 12 in Romania by year-end at estimated \$85k per employee</li><li>○ Per person cost of \$210k in U.S and \$170k in Tel Aviv</li></ul></div>		<div><ul style="list-style-type: none"><li>○ Expect \$1.9mm upfront investment could be ~10x+ return in 2023 (if we reach \$15M Net Income)</li><li>○ By 2023YE AUM \$5.0B+</li><li>○ Do not expect to hire extra engineers - the team of 5 people from Linus should be able to handle all the work</li><li>○ Expect a profit within one year - with &gt;\$30mm annual revenue in 2023</li></ul></div>		



## Executive Summary

- **Conceptually, the Digital Asset industry and Celsius are the next generation integration of technology and financial services.**
- **Celsius is not yet fully regulated**; although we are working to become regulated to increase the level of trust in the marketplace and likelihood of counterparties/clients to do business with us
- Although we are not yet regulated, **many counterparties in TradFi are looking for Celsius to be well managed including carrying appropriate levels of capital, funding and liquidity.**
- **Given our core businesses including the Earn product (~\$20bn of customer placements) and lending, we are managing most of the same risks that traditional banks manage** - with the added dimension of most of our activities are within the digital asset space.
- **As a result, we are prioritizing our capital, funding and liquidity positions, including monitoring and risk management of these levels.**

### Liquidity

- **Given most bank failures occur due to liquidity challenges, we prioritized our liquidity risk management** and have established detailed daily liquidity reporting/analysis - for each and every coin in a stressed environment.
- On any given day, we maintain a Tier 1 liquidity reserve of \$2.6bn (~13%) out of our \$20bn of client assets. Additionally, we would expect to be able to provide liquidity of \$11.3bn (~57%) within 7 days.

### Funding

- **We are 75% funded by retail/HNW clients and 25% funded by digital asset counterparties**, primarily through ~\$3bn of funding through stablecoins (~50% DeFi, ~35% Exchange / Other Borrowings and ~15% Tether)
- **We also currently have no term funding but are active in the market to raise ~\$300mm of 2-3 year term funding** providing BTC as collateral.
- We believe that the market is currently mis-pricing the risk given the infancy of lending against the collateral so we are looking to build out alternative products over time.
- **Over the past 4-6 weeks, we took decisive action on several coins including BTC pricing and tiering as well as stablecoin pricing.** This pricing will add \$100mm of revenue annually.

### Capital

- **We raised ~\$750mm in capital from our Series A and B funding rounds.**
- **A large portion of this capital has been deployed building out the business and absorbing operational and other losses.**
- We are building out capital tools similar to regulated banks for internal use for business cases and pricing decisions.
- **Although capital levels currently near zero, four part plan exists to rebuild capital**





Developed a comprehensive Liquidity Risk Management Framework enabling Treasury & Risk to safeguard the Firm's liquidity while ensuring the investment teams are efficiently deploying the Firm's inventory within a prescribed risk framework

### Liquidity Reserve

- In order to monitor the Firm's unencumbered liquid coins that can be used to meet the liquidity needs of a pre-defined liquidity stress, we created a metric known as the **Liquidity Reserve ("LR")**
- Coins are bucketed into Liquidity Tiers based on their liquidity time horizon, **with Tiers 1-4 (immediate to 7 day liquidity) defined as LR Eligible**; additional non-LR tiers are also assigned for liquidity deployed >7 days
  - Our Liquidity Framework allows for short term deployments (which constitutes the majority of our deployment strategies), enabling us to generate yield while still remaining extremely liquid

### Modeled Liquidity Outflow

- In conjunction with the LR, we have developed a **Modeled Liquidity Outflow ("MLO")** which sizes the contingent liquidity needs across a predefined set of stress events: The primary stress event we model and adhere to is a 50% simultaneous price drop in coins
  - The MLO stress period is defined as 7 days but is also run on a 1 day time horizon to ensure we have enough liquidity to meet any near-term stress requirements
  - Historical stress periods of March 2020, May 2021 and January 2022 were analyzed to inform our modeling assumptions
- Various stress types are contemplated within the MLO such as customer withdrawals, increased margin requirements, counterparty funding behavior / rollover risk, etc.

### LR / MLO

- The LR / MLO is produced daily and run on a coin-by-coin basis to ensure LR / MLO > 100% at all times; in the event LR / MLO < 100%, Treasury directs action to be taken to remediate any potential liquidity deficits

### Next Steps / Future State

- The MLO is a core tenet of the Treasury framework and serves as a tool to monitor liquidity and take liquidity-risk reducing action
- Liquidity deficit optimization engine has been built to direct specific trade actions to mitigate liquidity deficits and bring ratio back to 100%
- Additional MLO scenarios are under development and model assumptions are continually iterated at a regular cadence



## Introduction of Term Funding & Diversification of Funding Sources

- The significant majority of the Firm's funding is non-maturity in nature with little to no term maturity in the funding book
- A strategic mandate of the Firm's Treasury function is to bolster the Firm's funding through the introduction of institutional grade \$-based term funding
  - We have engaged with Perella Weinberg Partners to lead the efforts on raising an 18-24 month \$250mm+ BTC-backed loan facility with indicative terms of 7-9% against 140% over-collateralization of BTC
- Raising institutional term funding provides several benefits, including diversification of funding sources away from DeFi & Tether, reducing counterparty concentration and liquidity risk, as well as better tenor-based source-use matching of funding vs. deployments

## Upcoming Enhancements

- Collateral & funding optimizer is in the process of being developed to ensure optimal collateral positioning based on dynamic operating environments (incl. expanding borrowing activity to other Layer 1 chains)
- Development of an ALM Framework is slated to ensure the Firm is sufficiently funded across the maturity & tenor spectrum

## Repricing of Community Reward Rates

- Reward rates represent the largest component of the Firm's funding costs
- In 2022, Treasury has taken ownership of calculating the Firm's reward rates using a pricing optimizer to target coin-specific effective reward rates, ensuring that Celsius' core customers were either better off or indifferent to the pricing changes
  - Through the re-pricing exercise, we are forecasting to reduce reward costs by \$105mm+ annually, lowering the Firm's cost of funding significantly

Coin	From:	To:	Annual Est. Savings (\$mm) <sup>1</sup>
BTC	6.2% (up to 0.25 BTC) / 3.05% (>0.25 BTC)	5.0% (up to 1 BTC) / 1.5% (>1 BTC)	55.00
Stablecoins	8.50%	7.10%	29.00
MATIC	9.10%	7.25%	12.30
ETH	5.35% (up to 100 ETH) / 3.52% (>100 ETH)	5.35% (up to 30 ETH) / 3.52% (>30 ETH)	3.50
LINK	3.00%	1.75%	2.45
AVAX	8.30%	5.75%	1.69
LTC	3.25%	1.75%	0.90
BCH	4.51%	1.25%	0.85
DASH	4.60%	1.75%	0.35
ZEC	2.53%	0.50%	0.20
COMP	4.60%	1.75%	0.16
ZRX	1.77%	0.50%	0.12
ETC	3.00%	2.25%	0.11
MANA	0.50%	0.25%	0.04
<b>Total</b>			<b>\$106.67</b>

<sup>1</sup>Represents cost savings only and does not include any potential foregone deployment revenue

Although our capital currently sits near zero - we have a clear path to build up our capital position

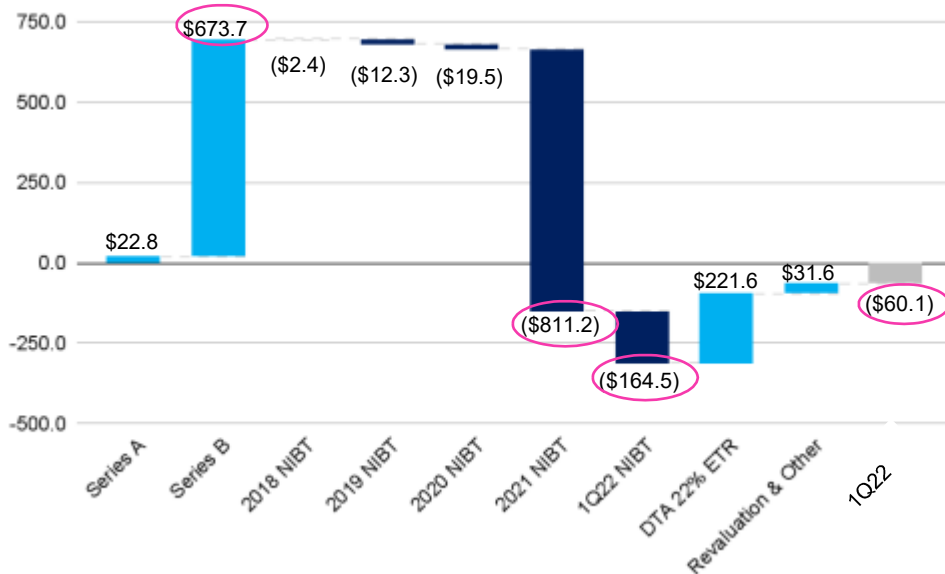
1. A high level view of our balance sheet suggests that we need at least \$1.5bn to be considered "well capitalized" in a TradFi environment (see next page).
2. We are building more detailed capital modeling that will fine-tune that estimate.
3. Although we are not currently regulated, we hope to be and anticipate running our business to be well capitalized.
4. This will improve our cost of capital (ability to raise capital) and cost of funding (will enable us to become S&P/Moody's/Fitch rated).
5. This will also enable us to more rapidly onboard counterparties/partners who expect an institution with >\$20bn of client placements to be well capitalized.
6. The path toward that capitalization is as follows:
  - a. Preserve capital by significantly reducing all new investments and other uses of capital to core Celsius activities
  - b. Return business to profitability - expected by end of 3Q22 at the latest.
  - c. Build ~\$1bn of capital through Mining IPO (~\$300mm) and business merger (~\$500mm to \$1bn opportunity)
  - d. Once capital base restored and we have returned to consistent profitability by 2H/22, embark on \$500mm to \$1bn Series C fundraising.
7. By early- to mid-2023, we should be able to boast IFRS capital levels of \$1.5-2.0 billion
8. Project Zest (can be discussed at Board in camera session) could add another \$500mm to improve capital position to \$2-2.5bn and could be achieved in 2022.



# Capital Update

- Series A and B raised ~\$700mm which was largely offset by CreditMarket-Operational Losses of (\$577mm) - losses include EFH (\$288mm), Stakehound (\$105mm), Operational Loss Reserve (\$100mm), Badger (\$49mm), Institutional Loan Reserve (\$35mm)
- By early- to mid-2023, we intend to be able to boast IFRS capital levels of \$1.52.0 billion - within the range our EC models imply as well capitalized

## Capital Roll Forward through 1Q22



## Economic Capital

	Balances	EC %	Capital \$
Liquidity reserve - Tier 1	\$1,243.3	1.2%	\$14.9
CEL tokens	\$1,703.6	1.2%	\$20.4
Retail Loans	\$923.6	1.7%	\$15.7
Inst Loans (incl collateral)	\$4,305.9	6.9%	\$297.0
Exchanges	\$3,690.6	8.9%	\$327.7
DeFi	\$6,774.6	8.6%	\$582.6
Staking	\$1,534.4	6.7%	\$102.8
Mining	\$633.8	24.6%	\$155.9
Other assets/Trusts	\$271.6	7.4%	\$20.1
Total B/S	\$21,081.2	7.3%	\$1,537.2

Note: 4/6/22 balances



# Agenda

01 Introduction

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02 Market overview

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03 Strategy & KPIs

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04 Financials

---

05 Product & marketing

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06 Regulatory & compliance

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07 Subsidiaries & strategic initiatives

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08 Business operations

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09 Closing remarks





# Product

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Tushar Nadkarni  
CHIEF GROWTH & PRODUCT OFFICER



# Executive Summary - Product

**I**

We are building **two distinct product roadmaps to serve the needs of the Retail and Institutional segments**, while building for **CWS with Strategic Product Partners**

**II**

We are scaling our platform to serve as a **“one stop shop” for all crypto**. For this, we must:

- *Defend our core* with products like **Onramps**, Custody, Yield, Exhaustive Coin Listings, and Loans
- *Expand our offering* with products like Swap, **Staking, Debit Card**, Credit Card, and Wrapping
- *Explore new opportunities* like NFTs and RoboAdvisor

**III**

We are pivoting from **Product lines to Lines of Business**, identifying and executing monetization levers for each product, e.g.,

- Yield: Build reward tiers
- Loan: Differentiate lending rates by coin
- Swap: Pivot to payment-for-order-flow model
- Custody: Offer non-yielding coins to create a “one wallet” experience
- Onramp: Capture interchange spread on card onramp transactions

**IV**

We must **launch four critical drivers of growth**:

- 1. Onramps**
- 2. Staking**
- 3. Strategic Product Partners (Paxos)**
- 4. Debit Card**



We are building two distinct product roadmaps to serve the needs of Retail and Institutional, building for CWS with Strategic Product Partners







# Mapping Retail segment needs to Product



## Custody

*Store and access coins at anytime, while keeping keys secure*



## Earn

*Earn passive income from holding coins*



## Borrow

*Ability to borrow fiat currency and stablecoins against crypto assets*



## Buy / Fiat Onramp

*Seamlessly onboard fiat currency into crypto assets on platform*



## Card

*Spend and earn cash back rewards in crypto*



## Swap

*Easily move between crypto assets to balance portfolio*



## Staking

*Earn reward while locking coins on decentralized blockchains*



## CelsiusX

*Earn from DeFi opportunities on multiple blockchains through wrapped tokens*



## Institutional Custody

*Ability to securely store crypto assets*



## Institutional Staking

*Ability to earn rewards on select assets on decentralized blockchains*



## Institutional Lending

*Ability to borrow significant amount of crypto assets with collateral*



## Prime Brokerage

*Ability to securely store crypto assets and access diversified liquidity with smart order routing*



## Wealth Management

*Ability to offer structured products to Asset Managers to Private Wealth Management clients*



## IRA

*Ability for Retirement Advisors to provide their clients with digital asset retirement planning solutions*



## OTC Desk

*Ability for clients to conduct large orders without placing them on public exchanges and causing price disruption*



# Onboarding the right Product Partners for Celsius

## Medium-Scale

### Partners with 2-10M users

Partners with a higher mix of **international** users to be prioritized

---

Provide **existing API** integration (no custom integration or support)

## Large-Scale

### Partners with 10M+ users

Partners with a higher mix of **international** users to be prioritized

---

Develop **custom API** as necessary and provide **integration support**

## Strategic

### Partners with \$3B+ in assets

Partners that are **strategic to our business objectives**, e.g., new market entry, licenses

---

Develop **custom API** as necessary and provide **integration support**



## Scaling our products via CWS with Celsius as "Client One"



	Bank App	Celsius Super App			Partner App
	API				
	Wallets	Exchanges	Custodians	dApps	Blockchains
DAO Insurance	x	x	x	x	x
Payments					
Billing					
Treasury Management	x	x	x	x	x
NFTs		x	x	x	
Prime Brokerage					
CelsiusX		x		x	x
Yield	x	x	x	x	x
Swaps	x		x	x	x
Credit Card		x		x	
On Ramps	x		x	x	x
Loans	x	x	x	x	x
KYC		x	x		
Staking	x	x	x	x	x
Custody + Dashboard	x	x	x	x	x



We are scaling our platform to serve as a "one stop shop" for all crypto...



### Defend The Core



### Expand Our Offering



### Explore New Opportunities

#### Retail

Onramp  
Custody  
Exhaustive Coin Listings  
Yield  
Retail Loan

Swap  
Staking  
Credit Card  
Debit Card  
Wrapping

NFTs  
RoboAdvisor  
Self-Custody Wallet  
Commerce / Payments

#### Product Partner / CWS

Onramp API  
Custody  
Yield API

Loan API  
Swap API

NFTs

#### Institutional

Institutional Portal  
Institutional Custody  
Institutional Lending

Institutional Staking  
Prime Brokerage  
OTC Desk

Wealth Management  
IRA



...building products and services into our product roadmap...





...and developing an exhaustive coin portfolio to drive growth

## Examples

A

**High Yielding Coins**

- Generate revenue through high-yielding stablecoins
- Diversify our coin mix with more staking coins which generate staking revenue

EGLD

UST

DOT

AVAX

SOL

ADA

B

**No/Low Yielding Coins**

- Offer coins without yield capabilities to create a “one wallet” experience
- Generate revenue from higher yet competitive loan rates on these coins

DOGE

SHIB

C

**Exclusive Listing Coins**

- Positioning Celsius as the only CeFi custodian for specific coins
- Generate strong community support for specific coins with exclusive listings

MIOTA



## List of planned coins to be listed on platform




II

Coin		Market Cap <i>April 2022</i>	Fireblocks support	GK8 Support	Coin		Market Cap <i>April 2022</i>	Fireblocks support	GK8 Support
Algorand	ALGO	\$6,005,377,874	Y	N	Celer Network	CELR	\$446,064,503	Y	N
ApeCoin	APE	\$3,317,756,371	Y	Y	Convex Finance	CVX	\$2,060,703,902	Y	Y
Cosmos	ATOM	\$8,929,146,088	N	N	Decred	DCR	\$884,555,637	Y	N
Celo	CELO	\$1,835,093,529	Y	Y	Frax Share	FXS	\$610,146,846	Y	N
Curve DAO Token	CRV	\$1,337,550,532	Y	Y	Gnosis	GNO	\$795,385,667	Y	Y
Elrond	EGLD	\$4,168,444,104	Y	N	Hedera	HBAR	\$4,689,999,260	Y	Y
Filecoin	FIL	\$4,690,917,475	N	N	Huobi Token	HT	\$1,499,421,638	Y	Y
Fantom	FTM	\$3,948,206,638	Y	N	KuCoin Token	KCS	\$1,684,661,386	Y	Y
FTX Token	FTT	\$6,866,555,782	Y	Y	Kusama	KSM	\$1,626,948,273	Y	N
The Graph	GRT	\$2,314,989,630	Y	Y	UNUS SED LEO	LEO	\$5,677,529,494	Y	Y
IoTeX	IOTX	\$943,548,672	Y	Y	IOTA	MIOTA	\$2,417,226,927	Y	Y
Livepeer	LPT	\$601,258,009	Y	N	NEAR Protocol	NEAR	\$10,397,593,393	Y	Y
Loopring	LRC	\$1,519,461,317	Y	Y	OKB	OKB	\$1,253,211,881	Y	N
Maker	MKR	\$2,321,643,782	Y	Y	Harmony	ONE	\$1,905,789,503	Y	Y
Shiba Inu	SHIB	\$14,662,780,499	Y	Y	Ontology	ONT	\$568,295,818	Y	Y
Spell Token	SPELL	\$507,451,230	Y	Y	THORChain	RUNE	\$3,542,278,912	Y	N
yearn.finance	YFI	\$874,104,522	Y	Y	TRON	TRX	\$7,253,515,223	Y	Y
Serum	SRM		Y	N	TerraUSD	UST	\$16,584,316,196	Y	Y
BADGER	Badger		Y	Y	NEM	XEM	\$1,067,481,731	Y	N
PancakeSwap	CAKE	\$2,770,871,259	Y	Y	EURT	EURT		Y	Y








# We are pivoting from Product lines to Lines of Business (1/3)

Product	Monetization lever	Upside	Tradeoff	Mitigation via Product
 <b>Yield</b>	Strategically decrease yield paid out per coin based on demand signal and market intelligence	Additional revenue generation and margin for each coin	Potential slowdown of new users and/or new assets with less competitive yield rates	Develop in-app rewards “tiers” to better target yield by number of coins held
 <b>Loan</b>	Increase lending APR per coin and per loan-to-value (LTV) amount	Enables low and no yielding coins to be used as collateral, with a sharper margin on each asset and LTV level	Potential for assets to skew more towards non-yielding assets	Continue to offer and highlight the competitive loan borrow rates on core coins
 <b>Swap</b>	<ul style="list-style-type: none"><li>● Pivot to payment-for- order-flow model / rev share model</li><li>● Monetize transaction with a wider spread</li><li>● Charge a fee for every swap transaction</li></ul>	Expand Swap reach to all Celsius active users and turn it into a revenue generating product line, while staying competitive against other trading platforms	Potential for assets leaving our platform with competitor trading options	Offer a “Pro” service offering and develop a better in-app educational experience, and add more liquidity providers






# We are pivoting from Product lines to Lines of Business (2/3)

Product	Monetization lever	Upside	Tradeoff	Mitigation via Product
 <b>Custody</b>	Offer custody as a no fee product to users while highlighting the benefits of secure storage of keys	Reduces the friction for users and incentives them to bring in new coin	Potential for a negative product profit margin	Offer coins without yield capabilities to create a “one wallet” experience, and allow competitive loan APR on all coins
 <b>Staking</b>	Revenue generated from coins staked by users	Availability for all users to earn rewards, including US non-accredited	People blocked from increasing their staked coins during our unbonding period	Offer user-level staking (vs. aggregate staking pool) and shorter wait period as a benefit by extending a “payday loan”
 <b>Onramp</b>	Allow instant access to funds for a specific segment  Integrate directly with a processor (e.g., Checkout.com) to capture interchange spread on card onramp txns	More assets available for Swap and Loan products with no friction	People blocked from withdrawals before settlement. Potential for fraud with people withdrawing funds before settlement	Lock instant funds in app from withdrawal until settlement is complete (industry standard)



# We are pivoting from Product lines to Lines of Business (3/3)

Product	Monetization lever	Upside	Tradeoff	Mitigation via Product
 <b>Credit Card</b>	New user acquisition strategy and credit card transaction fees	Expand acquisition of new users	Card management/ maintenance and limited product accessibility based on a user's fiat credit score	Build self-serve feature in app with the ability to lock card, see statements, dispute transactions, etc.
 <b>Debit Card</b>	Increase yield from additional locked collateral	Constant flow of existing user collateral and open availability without dependency on a user's fiat credit score	People stop using card after they reach their spend limit	Build an easy onramp "sidedoor" to enable people to bring in more assets as collateral and unlock their spend limit
 <b>CelsiusX</b>	<ul style="list-style-type: none"><li>• Increase yield from deploying liquidity on dApps</li><li>• Ability to earn dual yield on native and wrapped assets and native assets users have bridged</li></ul>	Reduced friction moving assets cross chain and on other blockchains	People with limited understanding of DeFi and the associated risks become users	Provide the appropriate education and build in protection with the app and platform



# We must launch four critical drivers of growth: Onramps, Staking, Strategic Product Partners, Debit Card

## 1. Onramps

Enabling a dedicated onramp for users to purchase crypto with fiat currencies in-app

Today, under 5% of our assets are brought in through onramps. Most initial funding transfers are coming through existing crypto wallets. Fiat Onramps will enable people to easily move assets from the fiat world into our platform

## 2. Staking

Offering more ways to for users to earn rewards

Staking coins is a global solution for users to earn rewards on crypto. Phase 1 will include the ability to stake MATIC, DOT, and ADA

## 3. Strategic Product Partners: Paxos

Strategically partnering with Paxos to offer a yield solution to large-scale clients globally

Launching our yield product alongside Paxos' custody solution, delivering a complete crypto solution to larger institutional clients. Phase 1 includes a direct partnership with Mercado Libre (Brazil), connecting individual user-level wallets to Celsius

## 4. Debit Card

Launching a solution for users to use their assets as collateral and spend in the fiat world

Debit card increases our flow of user collateral and is available without a dependency on a user's fiat credit score. This product enables an ability to increase yield from additional locked collateral, with an ability to bring in more collateral for users to increase their spending limit



# Marketing

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Alex Mashinsky  
CEO



# Executive Summary: Marketing

## Observations

- We attempted to grow user base and asset base via paid & third party marketing, but with lower than anticipated results
- We have had great success partnering with influencers through our Affiliate program
- In the US, there is increased friction in marketing to retail investors given the inability to offer Earn product to non-accredited US investors

## Go Forward Plan

- We will attempt to double down on what was critical to build the platform: Organic, community & influencers
- To grow to 10 million users, we will also partner with the top 100 blockchains to deliver CWS services to their users
- We plan to bring more prominent influencers and execute larger campaigns to coincide with the launch of onramps
- We will target new partners that can help attract accredited investors until we are able to launch the S1 company for retail investors in the US



# Celsius: Overall Marketing Message

WHY WE EXIST	We want to give anyone, anywhere the unparalleled access to reach financial freedom		
WHAT MAKES US DIFFERENT	We're the <b>safest</b> place for your crypto	Where you can <b>do it all in one place</b> with the best rates	And get <b>exclusive access</b> to the entire crypto ecosystem
REASONS TO BELIEVE	<ul style="list-style-type: none"><li>• Proof of community</li><li>• HODL mode</li><li>• No hacks</li></ul>	<ul style="list-style-type: none"><li>• Earn, Borrow, Buy, Swap, Custody all in one place</li><li>• Credit Card</li><li>• Debit Card</li><li>• No fees; most coins with every transaction</li></ul>	<ul style="list-style-type: none"><li>• CEL Token</li><li>• CelsiusX</li><li>• Access to a wide range of coins</li></ul>



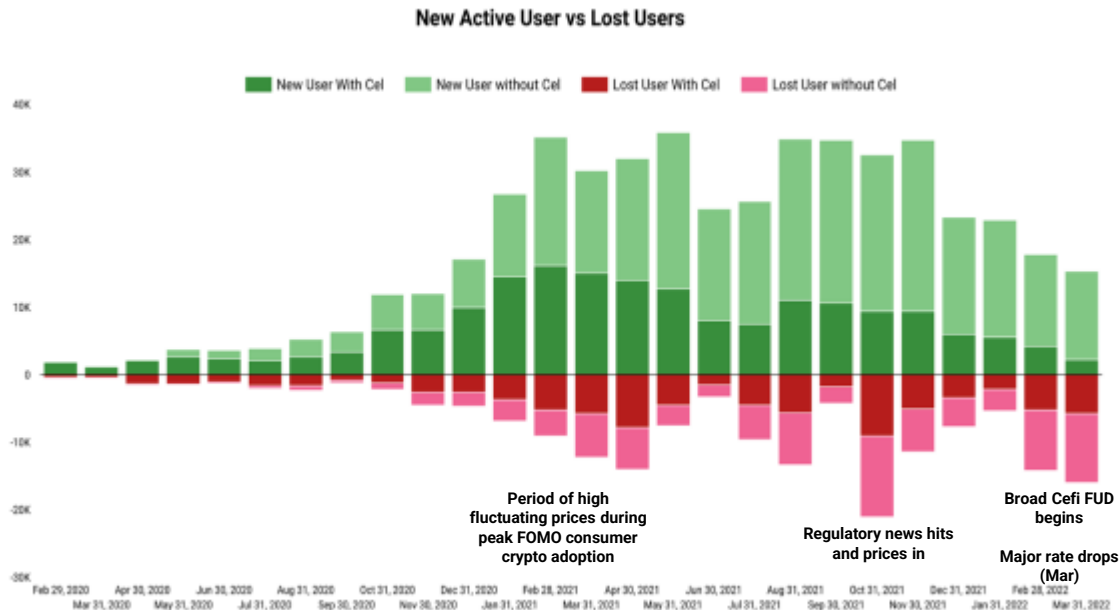
# Observations: Our business is winning around trust

50% of registrants say they chose Celsius because **someone they trusted recommend us**

Trust as a differentiator has **diminished with paid spend**. 60% of Jan 2021 registrants say they trusted Celsius **more than others**. Down to 30% for Sep. 2021 cohorts

State level C&D, employee concerns, broad Cefi FUD are now all part of a new users' decision to join us, **and whether an existing user leaves us**

**Will go back to Referrals and Organic**

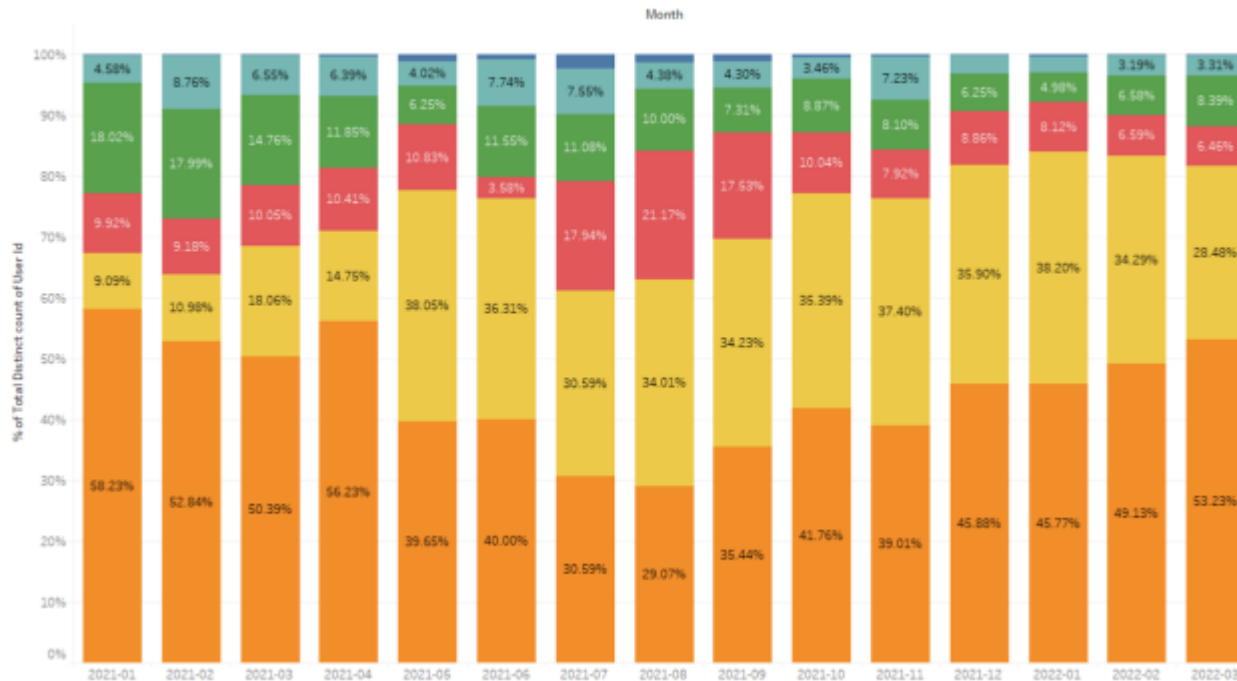






# Observations: Organic + Referral are leading acquisition channels

Monthly Registration Attribution Sourcing



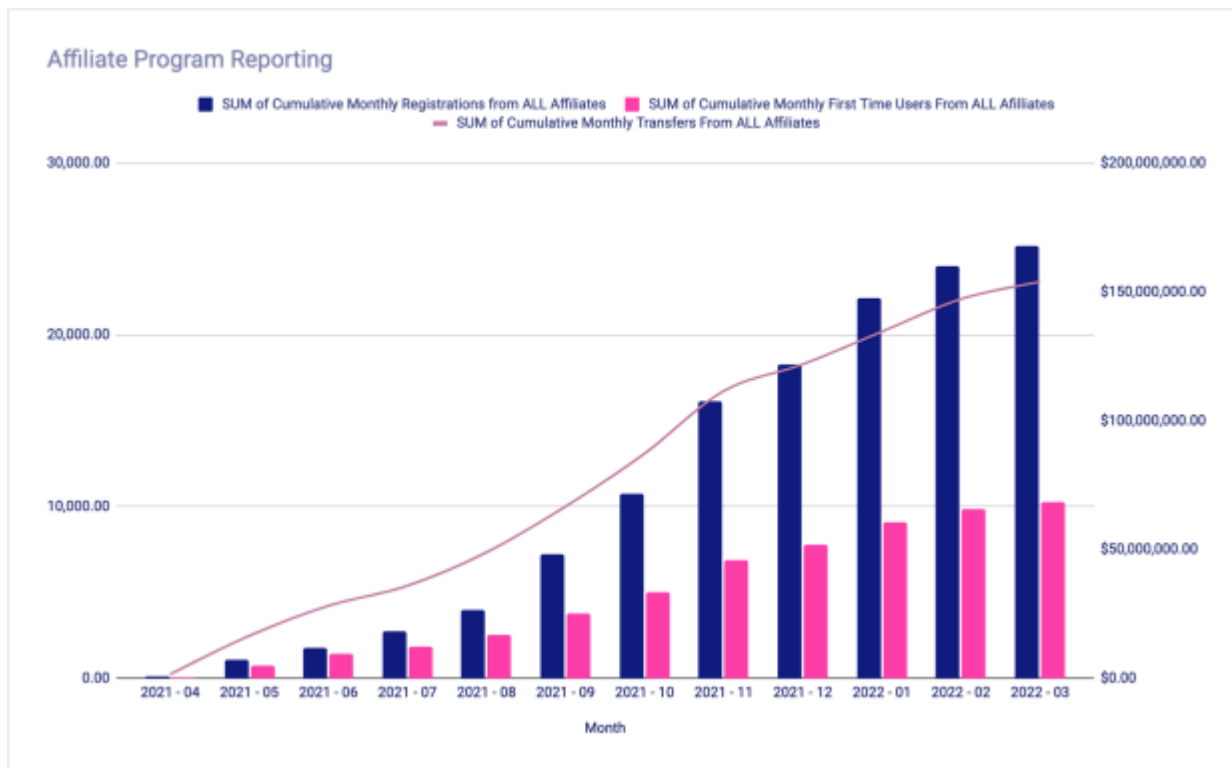
**60-70% of registrants** say they first became aware of Celsius through **friends/family** or **Youtube Influencers**



# Observations: Influencers are valuable

**Our 35 Affiliates & Influencers**  
have brought in **>28k total**  
**registrations\*** since April 2021

**\*45%** of users registered  
became First Time Users who  
made coin transfers





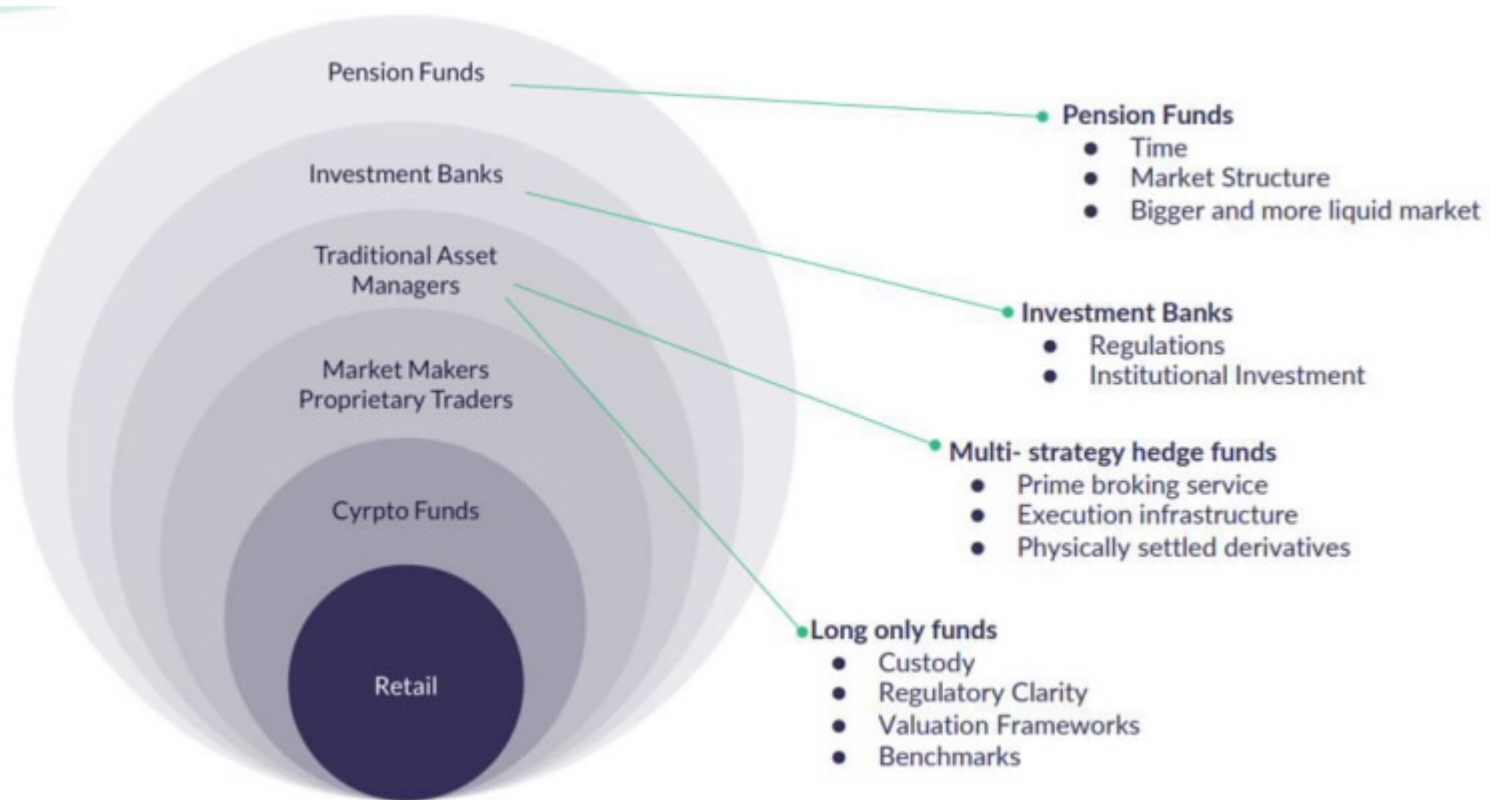
## Go Forward Plan: Top 50 Coins with Primary &amp; ExCo Owners

	COIN		PRIMARY OWNER	EXCO OWNER
1	Bitcoin	BTC	Tushar	Tushar
2	Ethereum	ETH	TBD	TBD
3	Tether	USDT	Alex, Rod	Rod
4	BNB	BNB	Leah	Tushar
5	USDC	USDC	Oren	Oren
6	XRP	XRP	Leah, Carl	Nuke
7	Solana	SOL	Leah, Rajiv	Tushar
8	Cardano	ADA	Leah	Tushar
9	Avalanche	AVAX	Oren, Rajiv	Oren
10	Terra	LUNA	Leah, Rajiv	Tushar
11	Binance	BUSD	Leah	Tushar
12	Shiba Inu	SHIB	Vivek	Roni
13	Polkadot	DOT	Rajiv	Roni
14	Dogecoin	DOGE	Leah, Vivek	Tushar
16	TerraUSD	UST	Leah, Rajiv	Tushar
17	Dai	DAI	Rajiv	Roni
18	Cronos	CRO	TBD	TBD
19	Polygon	MATIC	Rajiv	Roni
20	Litecoin	LTC	TBD	TBD
21	Cosmos	ATOM	Leah, Rajiv, Carl	Tushar
22	TRON	TRX	TBD	TBD

	COIN		PRIMARY OWNER	EXCO OWNER
23	Lido Staked Ether	STETH	Rajiv	Roni
24	ChainLink	LINK	Carl	Nuke
25	FTX	FTT	Roni	Roni
27	Near	NEAR	Rajiv	Roni
28	Algorand	ALGO	Leah, Rajiv	Tushar
29	The Sandbox	SAND	Rajiv	Roni
30	Axie Infinity	AXS	Rajiv	Roni
31	Stellar	XLM	Leah, Rajiv	Tushar
33	Hedera	HBAR	Leah	Tushar
34	Uniswap	UNI	Rajiv	Roni
35	Decentraland	MANA	Rajiv	Roni
36	Filecoin	FIL	TBD	TBD
37	Fantom	FTM	Carl	Nuke
38	Klaytn	KLAY	Rajiv, Carl	Nuke
41	Magic Internet Money	MIM	Leah, Rajiv	Tushar
43	Elrond	EGLD	Rajiv	Roni
46	Frax	FRAX	Rajiv	Roni
47	Osmosis	OSMO	Rajiv	Roni
49	Gala	GALA	Rajiv	Roni
61	IOTA	MIOTA	Aslihan	Aslihan
151	Horizen	ZEN	Aslihan	Aslihan



# Go Forward Plan: Institutional Partnerships to bring AIs On-Board





## Retail: Go-To-Market

- **Acquire new customers through organic marketing channels**

- Partner (Influencers, Affiliates, Ambassadors) Referrals: Develop scaled influencer, affiliate and ambassador programs with people that believe in our mission, can create authentic, on-brand content and who can drive growth through referrals

- **Increase the volume and diversity of assets**

- Promotional Campaigns: Agile, Timely and Partner-focused campaigns for for coin launches, promos and loans to drive volume and diversity of AUM

- **Clearly communicate and evolve the Celsius brand**

- Ongoing effort to expand Celsius brand positioning and visual identity to clearly communicate the value of the services we offer to all of our customers



# Institutional: Go-To-Market

- **Drive awareness** for Celsius institutional products and position Celsius as a thought leader in the space through various sales and marketing tactics
  - Develop institutional website and deliver thought leadership and in-depth expertise to existing clients through internal subject matter experts (via digital content, account management, in-person events, etc.)
- **Market new flywheel** and custody layer model with customizable bolt-on functionality for variety of uses (i.e. Lend, Borrow, DeFi, Cold Storage, etc.)
  - Leverage content (one-pagers, infographics, whitepapers and editorial on blog and LinkedIn) to socialize post-custody infrastructure and our commitment to compliance and security
- **Increase number of onboarded counterparties**
  - Optimize lead generation and sales enablement for BD team through funnel analysis and A/B testing



## Corporate & HNWI: Go-To-Market

- **Increase corporate and VIP portfolio** through inbound and outbound marketing acquisition
  - Targeted advertising to Corp+VIP segments for new user acquisition
- **Achieve 100% Accredited Investor success** rate for segment (US customers) for both existing and new clients
  - Concerted Accredited Investor Campaign with data enrichment to improve existing CRM efficacy and acquire new accredited investors
- **Improve retention and loyalty metrics** and increase LTV of Corp+VIP segments through cross-sell and upsell marketing efforts
  - Development of master narrative and thought leadership and supporting materials for Corp+VIP team (ExCo strategy, content marketing, account management support, etc.)
- **Shorten onboarding and compliance processes** to mitigate churn, close sales faster and improve customer experience
  - UX and UI improvements to compliance, onboarding and postboarding flows



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# Regulatory Report & Internal Implications

Roni Pavon-Cohen, CRO



# CONTENTS

- 01 Enforcement
- 02 US Licensing plan
- 03 Global Expansion



# Executive Summary (I/II)

## Enforcement

### US

**The SEC Enforcement staff and Division of Investment Management (IM) are focused on the following main issues:**

- (1) Unregistered offering of securities;
- (2) Operating as an unregistered investment company;
- (3) Particular statements made by Celsius or on its behalf ; and
- (4) CEL Token ICO, including related statements and AMV

**Celsius is in discussions with the SEC, where the expected outcomes is a settlement.** C&D (which are expected to be required) is already implemented as part of the NJ C&D (in force since 15 April 2022, applicable nationwide on new clients and new coins).

**For future offering to US non-accredited clients, Celsius will be required to submit a registration statement (Form S-1).** This requires to finalize the settlement and get the sign off of the IM and CorpFin at the SEC, as well as Celsius auditors.

**On the state level,** Celsius is working towards settlement, as part of a joint settlement with the SEC.

### UK

The FCA expressed concerns about the Earn product may falling within the definition of a Collective Investment Scheme. Following discussions with the regulators, Celsius has signed a voluntary migration, migrating its clients to a US entity and ceasing to onboard new UK clients until discussions with the staff have concluded.



# Executive Summary (II/II)

## U.S Licensing Plan

Celsius is in pursuit of Lending and MTL licenses in order to **expand its activities within the U.S**, including:

- Offering custody services; and
- Fully operate services which are currently restricted under certain state laws (Loans, Celpay, Swap and on/offramp).

Another major impact of obtaining these licenses is Celsius **validation in the eyes of both clients and regulators** (worldwide).

Celsius final target is to **obtain Lending licenses and MTLs for all states**. In addition, Celsius is working towards **one State Trust charter and a BitLicense / Trust charter in NY**.

## Global Expansion

To expand its operations globally, Celsius is working / plans to work with the following regulators, based on two main strategies:

- **Direct Solicitation** - Australia and Spain
- **Opening new/restricted markets** - Japan, UK and potentially Germany
- **Global Backup** (for intl offering) - Bermuda; and potentially Gibraltar and Singapore



## “Earn” Product

**16 Inquiries** received from the SEC, 14 US state regulators and the FCA (UK).

- 2 C&D in force
- 6 Under Discussion
- 8 Celsius provided the requested information, no follow up from regulators at this stage

## Other Issues

**4 Inquiries** received from several state regulators in the US.

- New Hampshire Bureau of Securities Regulation – concerning ICO – **Closed, no response from regulator;**
- Washington Department of Financial Institutions, Division of Consumer Services – concerning money transmission and lending laws – **Closed, consent order;**
- Texas Department of Banking – **Information provided.**
- Pennsylvania Department of Banking and Securities (on the back of “Earn” inquiry) – concerning lending service - **New, in discussions.**



[RETRACTED]



Options	Pros	Cons	Timing
<b>Option 1:</b> a) Continue to operate under TopCo b) Offer Custody Staking and Credit Card as substitute for the Earn product c) No new entity and/or S1 registration needed	<ul style="list-style-type: none"> <li>Minimum changes to TopCo infrastructure and processes</li> <li>Ability to provide recurring cash flow (yield replacement) to non accredited U.S. customers without S1 registration</li> <li>No predecessor audited financials or S1 filing needed to onboard new customers</li> </ul>	<ul style="list-style-type: none"> <li>Customers may find the credit card reward program less attractive than the current yield product as it involves a "spend" step</li> <li>Perception of non-compliance with Regulations as both staking and cc can be viewed as work around</li> <li>Negative impact on other products being offered</li> </ul>	3 to 6 months
<b>Option 2:</b> a) Establish new entity (EarnCo) and separate operations from TopCo b) Move a limited number of auditable Earn activities from TopCo to EarnCo c) Generate and audit 2 years TopCo "carved out" financials for the activities transferred d) Register these activities as securities (through S1). e) Restart offering the registered Yield product to non- accredited U.S. customers	<ul style="list-style-type: none"> <li>Continue to provide the earn product to non-accredited U.S. customers</li> <li>Higher chance to have auditors provide a "Satisfactory" opinion on carved out F/S as the focus will be on the auditable activities transferred</li> </ul>	<ul style="list-style-type: none"> <li>Extensive changes to infrastructure and processes on EarnCo and TopCo</li> <li>Generating "carved out" auditable financials is complex, time consuming, and expensive</li> <li>Limited yield generating activities may result in lower overall yield paid out</li> </ul>	12 to 18 months
<b>Option 3:</b> a) Continue to operate under TopCo (Celsius Network Limited or Celsius US Holdings LLC) b) Short/Medium Term Solution: - Offer Custody Staking and Credit Card as substitute for the Earn product under TopCo c) Long Term Solution: - Improve financial reporting infrastructure and obtain audited financials for TopCo - File S-1 registration under TopCo - Start offering the registered Yield product to non- accredited U.S. customers under TopCo	<ul style="list-style-type: none"> <li>Minimum changes to TopCo infrastructure and processes</li> <li>Ability to provide recurring cash flow (yield replacement) to non accredited U.S. customers without S1 registration</li> <li>Continue to provide the earn product once the S1 registration is complete</li> <li>Perceived stability might improve public perception and confidence</li> </ul>	<ul style="list-style-type: none"> <li>Generating TopCo auditable financials is complex, time consuming, and expensive</li> <li>All activities of TopCo will be subjected to Regulatory scrutiny</li> </ul>	>24 months



- On June 30, 2020 **Celsius applied for a crypto asset business registration with the FCA, and was granted a temporary registration**; throughout the following year, the Company had provided the FCA with all information and documentation requested by the FCA in a timely manner.
- On June 11, 2021 the FCA advised the Company that it should withdraw its MLRs application and cease operations in the UK, following the FCA's concerns that Celsius' Earn product constitutes a Collective Investment Scheme (CIS).
- Following discussions, **Celsius and the FCA entered into a "Voluntary Application for Imposition of Direction", agreeing to a migration plan, following which the Company will no longer be providing its customer-facing services from the UK, and the Company withdrew its application.** The migration was successfully completed in August 2021, and withdrew its application.
- **The FCA further expressed its intention to commence enforcement action for alleged violations by Celsius of the Financial Services and Markets Act, 2010 ("FSMA"),** and that it maintains the position that Celsius' activities constituted unauthorized CIS operations.
- Celsius is in the process of obtaining a legal opinion from a Queen's Counsel in the UK supporting its legal position.





Celsius is in pursuit of lending and MTL licenses in order to expand its activities within the US, including:

- Offering custody services; and
- Fully operate services which are currently restricted under certain state laws (Loans, Celpay, Swap and on/off-ramp)

Another major impact of granting these licenses is **validation in the eyes of both clients and regulators** (worldwide).

License Type	Granted ●	IN PROCESS				Total #
		Applied ●	Q2 ●	Q3 ●	Q4	
Lending	5	10	9	18	14	56
MTL	0	0	0	11	12	23
Trust	1 State Trust charter application will be submitted by EoY					
NY	BitLicense / Trust charter application will be submitted following trust charter above					
FINRA/SEC	- Broker Dealer, RIA registrations – TBD					



JURISDICTION	PURPOSE (services)	PLAN (License)	STATUS	ETA
<b>Australia</b>	Opening the Australian market for direct marketing efforts, via a local Celsius entity.  Currently the AUS market is open via Celsius' foreign entities, on a reverse solicitation basis only.	Obtain legal advice allowing launch of Earn product and Fiat Loans (at 0%) in AUS without a license.	Kicked Off	Finalize advice Q2 2022
		AUSTRAC Registration (Onramps, OTC)	Kicked Off	Apply Q2 2022
		Applying for an Australian Credit Licence (Lending)	Kicked Off	Apply Q3 2022
<b>Germany</b>	Allow all of Celsius' services under one license in a highly reputable jurisdiction, partly passportable throughout the EU.	Plan and prepare for a banking license application by EoY	Assessing Feasibility	Devise plan, kickoff Q2
<b>Japan</b>	Facilitate access to Earn service to local customers, who currently do not have access to Celsius' services.	Assessing potential Partnership models with Japanese regulated firm, to offer Earn, either under a 'fund' model or through a whitelabel solution, which would not require a JFSA license.	Regulatory status and model cleared, legal opinion obtained; Working on business model and partnering with an appropriate firm.	TBD, pending commercial discussions
<b>Spain</b>	Opening the Spanish market for direct marketing efforts, via a local Celsius entity.  Currently the local market is open via Celsius' foreign entities, on a reverse solicitation basis only.	Obtain legal advice allowing launch of Earn product without a license, TBD whether to run the conclusion by the CNMV (financial regulator) prior to launch, for enhanced clarity.	Kicked Off	Finalize advice Q2 2022
		AML Registration with the Bank of Spain, to support Custody, staking, swaps and onramps (as well as future services).	Kicked Off	Apply Q2 (application review up to 3 months)
		Credit Institution License - to provide Lending service.	Assessing Feasibility	Apply Q3



JURISDICTION	PURPOSE (services)	PLAN (License)	STATUS	ETA
Bermuda	Backup jurisdiction for onboarding non-US users going forward, building on the local pro-business approach and agile regulatory regime for crypto.	Digital Asset Business License, to cover most of Celsius' business lines, existing and future.	Kicked Off	Apply Q3 2022
Gibraltar	Global offering of OTC activities for CEL, and potentially additional coins.	AML Registration (OTC only)	Final Stages	Pending internal signoff, could be submitted for final review by the regulator shortly thereafter, estimated review time 1 month.
	Backup jurisdiction for onboarding non-US users going forward, building on the local pro-business approach and agile regulatory regime for crypto.	Distributed Ledger Technology (DLT) License, to support all services but Lending.	Assessing Feasibility	Determine whether feasible and we want to pursue, Q2 2022.
Singapore	Backup jurisdiction for onboarding non-US users going forward, building on the local pro-business approach and agile regulatory regime for crypto.	Digital Payment Token License, to support all services but Lending.	Monitoring for Future	TBD



# Celsius BSA & Sanctions Compliance Review

Oren Blonstein, CCO and BSA Officer



Celsius is a financial institution, regulated by the Department of Treasury and FinCEN as a Money Services Business.

The board of directors are responsible for oversight of the company's Compliance Programs, including the BSA / AML and Sanctions Programs.



Area	KPI	Frequency
Independent Assessment	Independent Assessment Results	Annual
	Remediation Initiatives Status	Quarterly
Independent Audit	<i>Internal Audit Results</i>	<i>Quarterly</i>
	<i>Past Due Issues</i>	<i>As Required</i>
Staffing	Staffing Gap Analysis	Quarterly
Regulatory	Regulatory Changes & Impact to Celsius	As Required
	Government and Law Enforcement Agency Requests	Quarterly
	Regulatory Exam Results	Quarterly
	Remediation Actions	As Required



Area	KPI	Frequency
Internal Controls	AML Risk Assessment	Annual
	OFAC Risk Assessment	Annual
	Key Initiatives Updates	Quarterly
	New policies and policy updates to be Approved	Quarterly / As required
	Training Gaps & Escalation	Quarterly
	Regulatory Reporting Statistics (SAR)	Quarterly
	SAR Filings	Quarterly
	Backlogs - CDD	Quarterly
	Backlogs - SAR	Quarterly
	Backlog Stats - EDD	Quarterly
	Transactions Monitoring Alert Volume backlogs	Quarterly
	Sanctions Screening Alert Volume backlogs	Quarterly
	Model Effectiveness Stats - Onfido	Annual
	Model Effectiveness Stats - Chainalysis	Annual
	Model Effectiveness Stats - Transaction Monitoring	Annual



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# Celsius Mining

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Amir Ayalon



## Bitcoin Mining Basics

- Bitcoin miners process and authenticate transactions on the blockchain by mathematically solving a puzzle and are given newly created Bitcoins as a fee for their services.

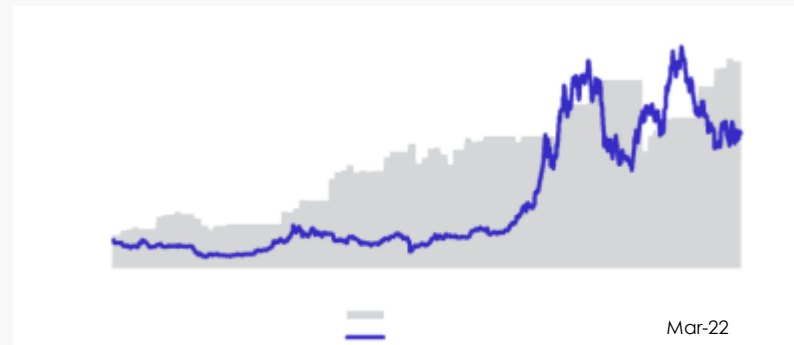
## The Importance of Mining

- Miners are a critical piece of the infrastructure, as they underpin the ecosystem
- The blockchain acts as a general ledger of past Bitcoin transactions in the form of sequentially added blocks
- The mining process is essential to creating these blocks, providing security for the validity of Bitcoin transactions





## Mining Outlook

- As demand for Bitcoin increases due to institutional adoption, BTC price is expected to grow, but increased network difficulty, supply chain challenges, 2024 halving and potential ESG requirements, are all headwinds that will temper the upside

## Network Hashrate Correlates to Bitcoin Price-Atleast Lagging



- Because miners are rewarded in Bitcoin, total mining activity is influenced by Bitcoin's price. When Bitcoin price increases, miners are more incentivized to increase their investments in mining.

Bitcoin Price Increases		Bitcoin Price Decreases	
			
Total Miners	Total Network EH/s	Total Miners	Total Network EH/s

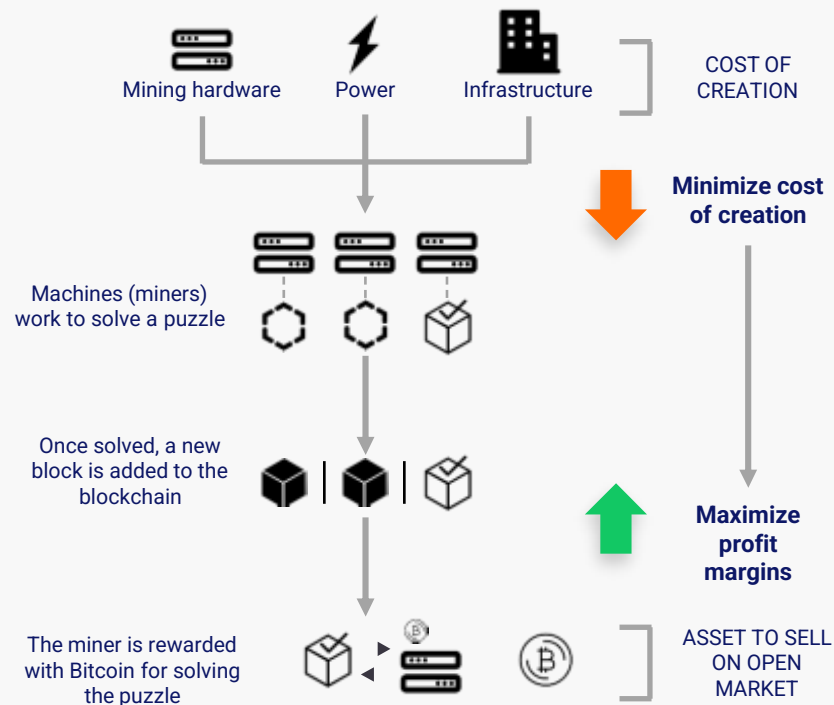


# Mining - Business Model and Value Drivers

## What is the business model?

- Successful industrial-scale mining is initially capital-intensive and requires both technical mining expertise and knowledge of running large-scale operations
- To be competitive demands an understanding of controlling the inputs, minimizing costs, and maximizing operational efficiencies
- Controlling the cost of creation directly impacts the margin
- Controlling cost requires effectively managing the supply chain (power contracts, hosting, rig manufacturing and logistics)

## How Bitcoin Mining Works





- Mining was established in 2020 by CN as an investment venue that eliminates basis risk when BTC coins mined are used to repay CN investment in rigs
- Operations began in 2021 using a simple operating model of acquiring rigs and hosting with Core Scientific (ticker CORZ), all outsourced solution, with one partner
- During the H2/2021 capital markets were pricing public miners at roughly \$1.2bl / 1EH of mining power (roughly 10K rigs)
  - Initial rig orders were for 28k, and during H2/21 we have ordered 103k additional rigs that would be delivered through October 22, for an all in 13EH mining power (130k rigs)
- Financing of mining is done through interco loans as opposed to equity investment, allowing for partial loan payback, even in case of going public
- **CN related corporate strategy**
  - Capitalizing - on market valuation of miners as a means to generate excessive return on investment, beyond the inherent IRR on the FCF of the mining business
  - De Risk- Tapping into capital market financing to augment internal financing given the cyclical nature of the business and heavy capex required
  - Synergies- Taking the mining business public as means to establish capital market financing sources for CN through interco lending
  - Halo effect for the overall group



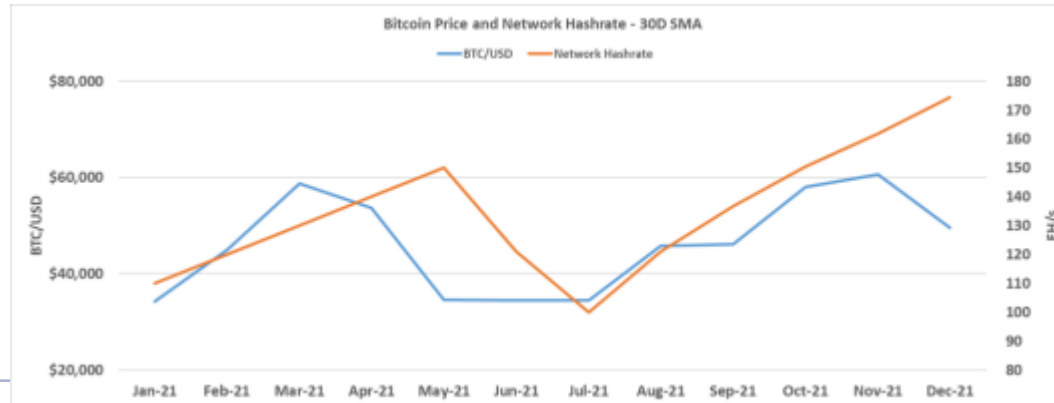
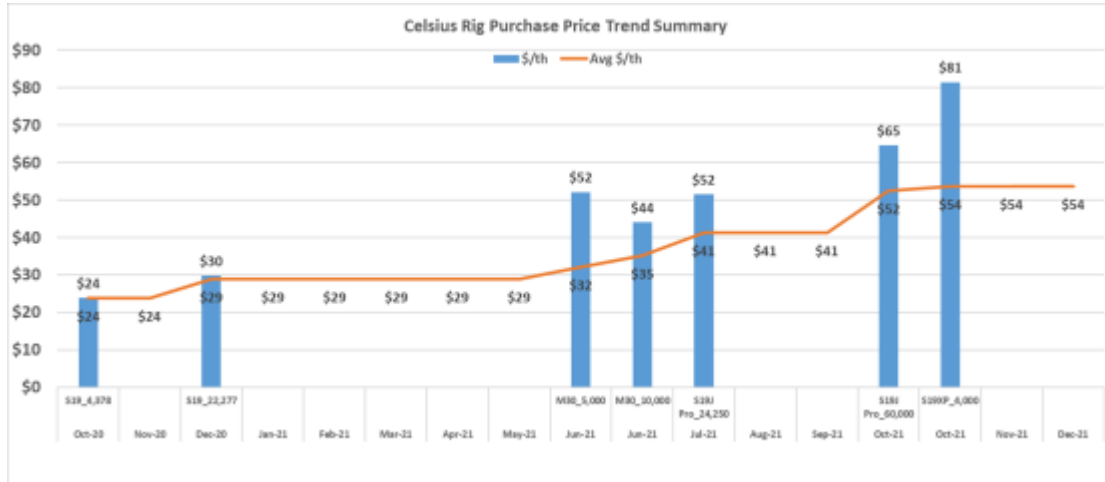
## **Evolution of the Mining industry in the past 3 quarters**

- the appreciation of the BTC price in combination of capital market valuation, drew increased investments in the space

- Price of rigs doubled from \$44/TH in June 21 to \$81/TH in October 21
- Difficulty of mining increase, from 150 in May 21 to 205 in April 22, with expectation of close to 300 at year end, as well as continued future growth on account of external financing fueling increase in rig capex
- 3 party hosted solutions shut down in Q3/21 as providers maxed out hosting infrastructure and decided to mine for their own, further decreasing availability of hosting solutions for rigs acquired
- Increased demand and competition for direct power contracts, straining infrastructure supply chain of transformers and cabling, and creating long lead time to building of hosting solutions
- Proliferation of mining SPACs going public enabled the formation of a new industry vertical, with the ensuing research that is still in initial stages of coverage initiation and its understanding of the business with one apparent theme which is enhanced value to integrated operations as a means to deliver on projections
- Enhanced ESG requirements and outlook



# The Industry in Graphs





## **Operations -**

on account of the above fast changing dynamics of an industry in formation, a successful miner needs to have the following capabilities - *our strategy- reduce dependencies and be able to grow on demand*

- Establish source of rigs- for pricing and timely delivery. Relations with manufacturers as well as market intel for distressed sales and excess inventories
- Establish access to diverse 3<sup>rd</sup> party hosting solutions, for quick solutions
- Establish self building capabilities including opportunity sourcing of real estate and excess power locations, design, planning, and sourcing of quick to build data centers as well as its ensuing supply chain of building materials, and electrical components which is a lead time bottleneck.
- Establish dedicated hosting providers to manage owned data centers at the right cost without revenue share
- Have a geographically diverse portfolio of hosting solutions to eliminate risk of regulation, grid dependency, power cost and mix of renewables
- Establish direct access to renewable sources of energy to augment use of carbon credit offsets, as a means to address future SEC disclosure requirements and potential regulation



## Financing and capital markets

- Valuation of miners dropped from 8x NTM Ebitda to 3x
  - operational delays of public miners is part of the cause- as they were not able to deliver on growth given market dynamics. Analysts are now looking for enhanced capabilities to deliver on projections, ie, control of supply chain in accessing hosting solutions
  - BTC price drop. There is high correlation of trading stock to BTC price
  - Ukraine overhang is still challenging the markets although Citi is becoming more optimistic that the IPO market is showing signs of coming back
- Pre IPO financing is predominantly for collateralized debts opposed to equity/forced conversion, given IPO market
- SPAC market is challenged with new regulation and it is still not a safe route to market. Tbd
- Proliferation of small miners that are not able to access capital markets and lack financing capabilities- are increasingly looking for mergers and or selling of bundled rig orders with hosting.
  - This will provide strategic opportunities during the coming year to merge/buy rigs
  - Inability of some miners to pay for rigs and come online will potentially reduce network difficulty expectations
  - CN is fielding financing requests from large players such as Core, allowing for generation of synergy in the mining business





## **Operational activities & Strategy -**

*Aim- reduce dependencies and be able to grow on demand-* Given the need to pivot the business immediately, deliver on envisioned growth, and augment capabilities we don't have, avoiding the long lead time to build in-house capabilities, we have taken the following main actions:

- Created a network of dedicated service providers to source, build and manage our own data centers including enhanced access to supply chain
- Diversified 3<sup>rd</sup> party hosting solutions beyond just Core
- Established ongoing communication with industry players to access opportunities ranging from merger, to hosing collaboration, to rig procurement
- Created a relationship with Bitmain including a JV and Collaboration agreement
- Collaborate with CN VIP team to tap into the wider network of relationships to source opportunities
- Established relations with brokers and investment banks
- The end result- in the 5 months since November 21, we have sourced and executed on:
  - 212MW of hosting solutions, combo of 3<sup>rd</sup> party and own buildup of hosting, to be all delivered by July 22 timeframe
  - in process - negotiations with Mawson for additional 100MW for September 22 timeframe
  - secured a 300MW site to build and energize by May 23 with a RoFR on another 500MW for Q4/23
  - Diversification of geography (Texas, Georgia, North Carolina, Pennsylvania, Arkansas), and of renewable sources (nuclear in PA)
- Outstanding gaps- the above was achieved with a small team and heavy CN financing. Moving forward we would need to acquire operational capabilities and find external sources of financing to secure continued growth.



## Profile of our strategic partners - Enabling nimble operations and consolidated supply chain

Outsourced Hosting	<ul style="list-style-type: none"> <li>• <b>Core Scientific</b> (Ticker CORZ)- 3<sup>rd</sup> party hosting, 190mw</li> <li>• <b>EZ Blockchain</b>- 3<sup>rd</sup> party hosting 35mw- integrated provider of mobile data centers with own design and supply chain of mobile data centers and components, providing small scale solutions based on municipalities across the US looking to generate revenue from excess grid power. Once power contract is signed, they build a 10-15MW site in 6wks.</li> <li>• <b>Mawson</b> (ticker MIGI)- 3<sup>rd</sup> party hosting 90mw- origins in the construction space, institutional grade operational capabilities of rapid buildout, with own design and supply chain of mobile data centers and components, a portfolio of locations that can be expanded to 1GW of power, a healthy nuclear mix as well as expected 4.8EH of mining power by YE22. <u>Discussing a merger of potentially 20/80 split (CELM in control) as well as additional 100mw hosting in Q34.</u></li> </ul>
Proprietary	<ul style="list-style-type: none"> <li>• <b>PriorityPower</b>- over 400mw contracted for buildout- established industrial scale energy broker providing bundled solutions of power contracts, demand response program, and adjacent real estate to under utilized sub stations across Texas for rapid buildup of data centers. Deep relations with ERCOT and Oncore as well as a network of infrastructure contractors to deliver rapid buildup.</li> <li>• <b>S56</b>- the McKinsey of crypto mining, ex SAS veterans, a start up managing 1GW of projects globally, delivering end to end data center buildout management including risk reduction, secured supply chain, construction oversight, design, planning, operational management as well as lead generation for available power and projects across the US. <u>Potential investment target to enhance Mawson merger</u></li> <li>• <b>Frontier</b>- dedicated hosting as a service provider, strong track record, flexibility to meet our own requirements and service the equipment we source, with contract priced at cost plus, leading to cira 0.5c/KW cost on top of direct energy cost, implying significant savings. <u>Potential investment target to enhance Mawson merger</u></li> </ul>



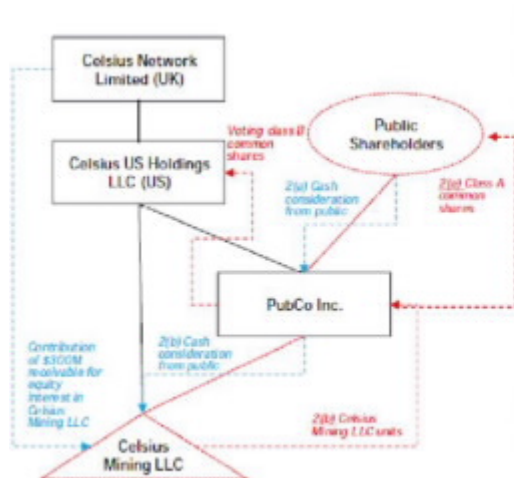
## **Financing <> going public strategy**

- IPO path with Citi- first round of comments from SEC received. Working towards submission by May 14<sup>th</sup>
  - Audited financials- EY pubco audit for FYE21 is in last stages, and is the bottleneck to timely submission
  - In case of delay in submission, we plan to launch review of Q122 unaudited financials next week, to enable submission by end of May
  - Analyst meetings and roadshow- expected mid June
  - If markets open, we could be able to float in July
- SPACs - we are in parallel discussions with two parties that Citi believes are qualified and may be an alternative in case of defunct IPO market – Betsy Cohen, and Blackrock sponsored
- Reverse Merger- ongoing discussions with Mawson on a \$25m PIPE as a milestone towards a merger. Beyond the inherent synergies and upside of this merger, it will allow us the flexibility to (i) IPO and then merge stock for stock, or (ii) reverse into Mawson if IPO markets are not open
- Pre IPO financing- decision made to abort raising debt from Whitehawk (22% IRR to maturity) due to parent considerations, and we're now exploring convertible preferred raise of \$200m (10% IRR)



## Financing <> IPO Structure- UP C Structure

- TRA benefits expected to reach circa \$150m to pre IPO SHs- from intangible value generated in IPO and to be paid to CN over 15yrs



### Index for economic/voting interests issued

#### Equity owned by Celsius Holdings and Celsius UK

- Celsius Mining units (partnership interests): (i) not publicly traded; (ii) economic rights; and (iii) exchangeable on a 1:1 basis for Class A shares.
- Class B common stock: (i) not publicly traded; (ii) voting rights which vary based on Celsius Mining units held and supermajority voting rights; and (iii) consider any economic rights.

#### Public shareholders

- Class A common stock: (i) publicly traded; (ii) voting and economic rights; (iii) one vote per share in PubCo (no supermajority); and (iv) predominant economic interest in PubCo.

#### PubCo's membership in Celsius Mining

- GP and managing member: (i) number of Celsius Mining units held equals number of Class A common stock; and (ii) hold [100%] voting rights in Celsius Mining.



- SLA agreement b/w parent and sub- to govern arms length relationship- to be executed shortly
- IT environment and systems- complete and ready to activate
- BOD hire, and governance policies- to be completed prior to IPO
- Human capital- additional hires required
  - CAO
  - GC
  - CTO
  - FP&A analyst



# Financial Highlights - Base Case

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Assumptions (\$ in mm)						
Income Statement	Q3 '21	Q4 '21	2021	2022	2023	2024
Mining Revenue	53	72	150	522	1,305	1,507
Mining Operations	(7)	(10)	(23)	(117)	(261)	(354)
<b>Gross Profit</b>	<b>\$45</b>	<b>\$62</b>	<b>\$127</b>	<b>\$405</b>	<b>\$1,044</b>	<b>\$1,153</b>
% Margin	86%	86%	85%	78%	80%	76%
G&A	(2.7)	(4.2)	(10.2)	(23.9)	(42.0)	(43.7)
<b>EBITDA</b>	<b>\$42</b>	<b>\$58</b>	<b>\$117</b>	<b>\$381</b>	<b>\$1,001</b>	<b>\$1,109</b>
% Margin	81%	81%	78%	73%	77%	74%
Capex	115	277	446	542	408	514
Average BTC Mined Daily	13.7	15	9	30	61	57
Total Rigs Deployed	21,175	27,560	27,560	165,905	250,517	378,280
YE BTC Price			\$ 49,543	\$ 50,967	\$ 64,639	\$ 81,978
Average BTC/USD Price over Period	\$42,061	\$56,076	\$46,242	\$45,623	\$58,104	\$73,690
Total Hashrate (Exahash) EOP	2.1	2.7	2.7	16.6	28.1	53.6
Total Megawatts	68.9	89.2	89	509	763	1,146
Total Bitcoin Produced	1,254	1,346	3,172	11,047	22,327	20,678
Gross Mining Margin	85.9%	86.4%	84.9%	77.5%	80.0%	76.5%
Estimated % of Network Hashrate EOP	1.5%	1.5%	1.5%	5.8%	7.7%	11.6%
Network Hashrate EOP			174	287	364	461
Avg Annual Cost of Mining 1 Bitcoin - Direct	\$5,899	\$7,267	\$7,126	\$10,627	\$11,711	\$17,139
Avg Annual Cost of Mining 1 Bitcoin - All In	\$8,071	\$10,393	\$10,331	\$12,788	\$13,594	\$19,251

2021 & 2022 investments in mining rigs and growth of EH to drive strong, self-sustaining cash flows for growth in 2023 and on

Projections assume conservative assumptions with regards to BTC and Network HR

While the number of projected rigs grow by 14x from FY2021 - FY2024, the Company's projected % of the total network Hashrate only grows by 7.4x



## FY22 by Month - Rig Deployment of 130k Rigs Contracted

## Deployment Options

MWs	2/28	3/31	4/30	5/31	6/30	7/31	8/31	9/30	10/31	11/30	12/31	Total	All-in \$/KwH	Duration	Roll-Off/Renewal
<b>Confirmed</b>															
EZ - Georgia		10	5	20								35.0	\$ 0.080	18mo	Aug/Sept 2023
Core	94				44	8	8	8	8	8	8	185.4	\$ 0.062	24mo Rnwl	Jan 23 - Dec 24
Mawson - PA		4	11	23	27	26						90.0	\$ 0.059	Ann Rnwl	Feb 23
Priority - Texas				12		75				25		112.0	\$ 0.030	5-10yr	N/A
<b>Total</b>	<b>94</b>	<b>14</b>	<b>16</b>	<b>55</b>	<b>71</b>	<b>109</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>33</b>	<b>8</b>	<b>422.4</b>			
Rigs Delivered (MWs)	162.6	29.4	5.7	35.7	35.8	30.0	31.5	34.5	36.0	0.0	0.0				
<b>Cumulative Rigs Delivered (MWs)</b>	<b>162.6</b>	<b>192.1</b>	<b>197.8</b>	<b>233.5</b>	<b>269.3</b>	<b>299.3</b>	<b>330.8</b>	<b>365.3</b>	<b>401.4</b>	<b>401.4</b>	<b>401.4</b>				
Excess / (Gap) (MWs)	(69)	(85)	(75)	(56)	(21)	58	35	8	(20)	13	21				
<b>Estimated Idle / (Excess Slots) (Rigs)</b>	<b>22,589</b>	<b>27,800</b>	<b>24,563</b>	<b>18,261</b>	<b>6,773</b>	<b>(19,104)</b>	<b>(11,388)</b>	<b>(2,685)</b>	<b>6,512</b>	<b>(4,298)</b>	<b>(6,911)</b>				
Rigs Plugged In	28,905	33,905	38,885	57,045	80,705	95,905	106,405	117,905	129,905	129,905	129,905				
Active Blended Rate	\$ 0.055	\$ 0.057	\$ 0.058	\$ 0.059	\$ 0.059	\$ 0.053	\$ 0.054	\$ 0.054	\$ 0.053	\$ 0.053	\$ 0.053				

**Our Strategy to Mitigating Execution Risks**

- using hybrid approach combining 3rd party hosting and proprietary build
- using multiple 3rd party hosting providers that have integrated supply chain to avoid dependency
- building own facilities with partners that have integrated supply chain or have access to rapid supply
- potential delays not covered are mainly high voltage power infrastructure, real estate lease, and permits

**Key Delay Factors:**

- **Core-** delay in construction and permits, expecting to make whole and accelerate in June/July
- **EZ-** delays in land acquisition
- **Priority-** ERCOT announcement of grid review has pushed the schedule of utility co energization to July timeframe / negotiations of contracts with multiple vendors



## FY22 by Month - PNL Base Case

<b>BTC/USD</b>	<b>\$41,795</b>	<b>\$43,500</b>	<b>\$44,370</b>	<b>\$45,257</b>	<b>\$46,163</b>	<b>\$47,086</b>	<b>\$48,028</b>	<b>\$48,988</b>	<b>\$49,968</b>	<b>\$50,967</b>	
Idle Rigs (Excess Avail Hosting)	27,800	24,563	18,261	6,773	-19,104	-11,388	6,168	24,217	22,259	28,499	
Rigs Deployed	33,905	38,885	57,045	80,705	95,905	106,405	126,905	147,905	156,905	165,905	
Exa Online	3.3	3.8	5.6	8.0	9.5	10.6	12.7	14.8	15.7	16.6	
<b>\$ in mm</b>	<b>31-Mar</b>	<b>30-Apr</b>	<b>31-May</b>	<b>30-Jun</b>	<b>31-Jul</b>	<b>31-Aug</b>	<b>30-Sep</b>	<b>31-Oct</b>	<b>30-Nov</b>	<b>31-Dec</b>	<b>Ann</b>
Revenue	17	20	27	37	48	54	59	71	75	81	
EBITDA	11	14	20	27	35	39	43	53	55	60	381
Capex	(69)	(35)	(77)	(67)	(69)	(62)	(28)	(26)	(26)	-	
Net CF	-57	-21	-57	-40	-34	-23	15	27	29	60	
Cumulative CF	-57	-78	-135	-175	-209	-232	-217	-191	-162	-102	
Annualized EBITDA					422	474	516	635	664	718	
NTM EBITDA					758					1,001	
Implied Mkt Cap at 3x NTM EBITDA					2,274					3,004	
<b>Parent Loan Support</b>											
Beginning Balance	512	574	581	644	690	731	761	769	777	784	
Funding Needs	57	1	57	40	34	23	0	0	0	0	
PIK Interest	5	6	6	6	7	7	8	8	8	8	
Ending Balance	574	581	644	690	731	761	769	777	784	792	

- CapEx for fy22 assumes expansion of additional 3.5EH in Q3-4 with an overall target cost of \$220m including rigs at \$48/TH instead of \$65, as well as \$30m hosting capex
- This allows for potential of \$600m in additional EV
- Not factored in the above, additional \$50m-70m of capex during the year towards buildout of the 300mw site for May23
- Without expansion capex, parent support would be capped at circa \$600m
- Upon IPO, \$300-400m of parent loan should be converted to equity and the remainder to be refinanced with high yield





# 3-Year Cumulative EBITDA, Net of Capex - Sensitivity Analysis

## Sensitivity Analysis Overview - Base Business

- Stress testing 3-year cumulative EBITDA, Net of Capex for FY22E-24E- with no additional capex investments post 2022, ie, only 165k rigs operating
- Looking at no additional growth in the business beyond 2022 and we only harvest coins produced
- IRR calculation assumes initial parent investment of \$390m (Dec 31, 2021 balance) and FY25 EBITDA at 40% discount to FY24
- Takeaway- The base business IRR (calculated through fy25) will be used as a threshold analyzing additional rig investments going into fy 23&24 to assess viability given lack of clarity on evolution of rig pricing. In those years financing growth is done through FCF and or public financing.

Assumptions (\$ in mm)						
Income Statement	Q3 '21	Q4 '21	2021	2022	2023	2024
Mining Revenue	53	72	150	522	971	648
Mining Operations	(7)	(10)	(23)	(117)	(224)	(218)
Gross Profit	\$45	\$62	\$127	\$405	\$747	\$429
% Margin	86%	86%	83%	78%	77%	66%
G&A	(2.7)	(4.2)	(10.2)	(23.9)	(41.4)	(41.4)
EBITDA	\$42	\$58	\$117	\$381	\$706	\$388
% Margin	81%	81%	78%	73%	73%	60%
Capex	115	277	446	542	—	—
Average BTC Mined Daily	13.7	15	9	30	46	25
Total Rigs Deployed	21,175	27,560	27,560	165,905	165,905	165,905
YE BTC Price			\$ 49,543	\$ 90,967	\$ 64,639	\$ 81,978
Average BTC/USD Price over Period	\$42,061	\$56,076	\$46,282	\$45,623	\$58,104	\$73,690
Total Hashrate (Exhash) BOP	2.1	2.7	2.7	16.6	16.6	16.6
Total Megawatts	68.9	89.2	89	509	509	509

		Implied BTC @ Dec 2024						
		Monthly BTC Growth %						
		\$22,789	\$26,819	\$34,187	\$43,500	\$59,810	\$70,049	\$81,978
932.2		-2.00%	-1.50%	-0.75%	0.00%	1.00%	1.50%	2.00%
Implied Network EHs @ Dec 24	296 (1%)	561	683	889	1,125	1,494	1,707	1,940
	310 (0.5%)	497	614	811	1,036	1,390	1,593	1,816
	355 1%	322	425	598	795	1,105	1,283	1,479
	387 2%	219	313	471	653	937	1,100	1,279
	423 3%	125	211	356	523	783	933	1,097
	461 4%	39	118	252	405	644	781	932
	503 5%	(40)	33	156	297	517	643	782
	548 6%	(112)	(44)	69	198	401	517	644

			Implied BTC @ Dec 2024						
			\$22,789	\$26,819	\$34,187	\$43,500	\$59,810	\$70,049	\$81,978
0.5			-2.00%	-1.50%	-0.75%	0.00%	1.00%	1.50%	2.00%
Implied Network EHs @ Dec 24	Monthly Hashrate Growth	296 (1%)	20%	31%	46%	62%	84%	95%	106%
		310 (0.5%)	14%	25%	40%	56%	77%	88%	99%
		355 1%	-4%	8%	24%	39%	59%	70%	80%
		387 2%	-16%	-4%	13%	28%	48%	58%	68%
		423 3%	-29%	-15%	2%	18%	37%	47%	57%
		461 4%	-47%	-27%	-8%	8%	27%	37%	47%
		503 5%		-42%	-19%	-2%	18%	27%	37%
		548 6%			-30%	-12%	8%	18%	27%



# 3-Year Cumulative EBITDA, Net of Capex - Sensitivity Analysis

## Sensitivity Analysis Overview- with rig expansion in fy 23&24

- Stress testing 3-year cumulative EBITDA, Net of Capex for FY22E-24E
- Model sensitizes the following:
  - BTC Price Growth (Monthly through FY2023 and FY2024)
  - Network Hash Rate Growth (Monthly through FY2022)
- Base case model assumes BTC price will reach \$80.7k by end of FY24 while Network Hashrate climbs to 461 from a monthly average of 174 in December 2021

## Key Assumptions

- Cost structure and capital expenditure kept constant- which in reality will not happen if BTC price does not pick up
- assuming rig prices decline in fy 23&24 beyond what we are seeing today at \$35/TH. If that does not change, implied IRR in callouts is inferior, and we will have to balance growth with financing sources
- Assumes BTC price is not hedged
- IRR calculation assumes initial parent investment of \$390m (Dec 31, 2021 balance) and FY25 EBITDA at 40% discount to FY24 to account for FY24 CapEx

## 3Yr Net Cash Flow Sensitivity (FY22-24)

			Implied BTC @ Dec 2024							
			Monthly BTC Growth %							
			\$22,789	\$26,819	\$34,187	\$43,500	\$59,810	\$70,049	\$81,978	
			-2.00%	-1.50%	-0.75%	0.00%	1.00%	1.50%	2.00%	
Implied Network EHs @ Dec 24	Monthly Hashrate Growth	296 (1%)	198	410	772	1,194	1,869	2,263	2,702	
		310 (0.5%)	101	304	650	1,053	1,699	2,076	2,495	
		355 1%	(162)	16	319	672	1,237	1,567	1,934	
		387 2%	(317)	(154)	123	446	964	1,266	1,602	
		423 3%	(459)	(309)	(55)	242	716	993	1,301	
		461 4%	(588)	(451)	(217)	55	491	745	1,028	
		503 5%	(705)	(579)	(365)	(114)	285	519	778	
		548 6%	(812)	(696)	(499)	(269)	98	313	551	

## IRR Sensitivity

			Implied BTC @ Dec 2024							
			\$22,789	\$26,819	\$34,187	\$43,500	\$59,810	\$70,049	\$81,978	
			-2.00%	-1.50%	-0.75%	0.00%	1.00%	1.50%	2.00%	
Implied Network EHs @ Dec 24	Monthly Hashrate Growth	296 (1%)	5%	23%	48%	71%	101%	116%	132%	
		310 (0.5%)	-4%	15%	40%	64%	94%	108%	123%	
		355 1%	-32%	-10%	17%	41%	71%	86%	100%	
		387 2%		-27%	2%	26%	57%	71%	86%	
		423 3%		-44%	-14%	12%	43%	57%	72%	
		461 4%			-29%	-2%	29%	44%	58%	
		503 5%			-44%	-16%	16%	31%	46%	
		548 6%				-30%	4%	19%	33%	

31%

-8%



# Potential Earnings Stabilization Strategy

## Hedging Strategy

- Collar - Buying out of the money put options and selling out of the money call options
- Minor cost impact on P&L

## P&L Strategy

- Establishing a floor and downside protection to quarterly revenue reported in \$, at zero cost, while considering the potential upside profit that Celsius may give up
- Smoothing out of earnings
- Short-term consideration - looking at 1-2 quarters of production of BTC
- This strategy may add volatility to the PNL as we cannot use hedge accounting



# Canyon Illustrative Fully Distributed Trading Multiples

Based on a review of the sector's FV / NTM and 2023 EBITDA trading multiples, we have assumed an illustrative fully distributed firm value of \$2.3 to \$2.7 billion for Canyon.

## FV / NTM EBITDA



## FV / 2023E EBITDA



Source: FactSet. Market Data as of April 23, 2022.

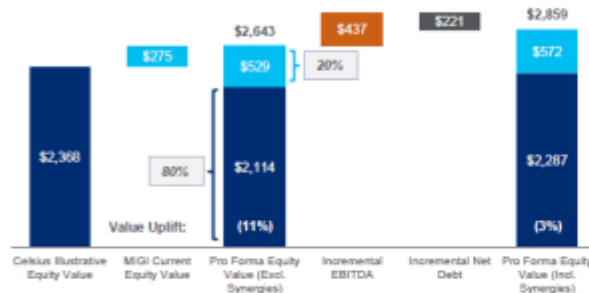


## Illustrative Transaction with Mawson: Value Creation

Preliminary | Confidential – Draft for Discussion Purposes, Subject to Further Review and Revision

- Undervalued Asset- trading below peers @ roughly \$270m with expected 4.8EH this year of miners, and a portfolio of roughly 1.2GW of predominantly nuclear sites
- Operational capabilities- 30 people, construction and power background, has integrated supply chain through investments in transformer companies as well as own design and investment in mobile data center companies
- lack of US investor base impacts low market multiples hence lack of financing, leading to inability to tap into the potential of own power pipeline.
- synergies are not in cost cutting, but rather in merging for a combined 20EH of mining by end of fy22, and ability to grow combined business to 2.2GW of power. This is doubling the buildup we project for the next 3 years, and we get 80% of it.
- We also expect uplift in market multiples for the combined business

### Value Uplift (\$ in millions)



Share Price:	\$3.73	\$8.02	\$8.67
FV / '23E EBITDA	2.5x	1.4x	2.3x
'23E EBITDA	\$1,001	\$198	\$1,199
			\$188
			\$1,636

### Value Creation: \$

		EBITDA Multiple Sensitivity		
		2.3x	+0.5x	+1.0x
% Celcius Ownership	84.2%	\$6.00	\$41	\$625
	83.1%	\$6.50	\$10	\$587
	82.1%	\$7.00	(\$21)	\$549
	81.0%	\$7.50	(\$50)	\$512
	80.0%	\$8.00	(\$79)	\$476

### Value Creation: %

		EBITDA Multiple Sensitivity		
		2.3x	+0.5x	+1.0x
% Celcius Ownership	84.2%	2%	26%	51%
	83.1%	0%	25%	49%
	82.1%	(1%)	23%	47%
	81.0%	(2%)	22%	45%
	80.0%	(3%)	20%	44%

Source: Bloomberg, FactSet, Cantor Fitzgerald research, and public filings. Market data as of April 23, 2022.

Note: Assumes 116 megawatts are fully financed to date, estimated to generate \$90mm in total revenue. Applies Mawson hosting margin to arrive at incremental EBITDA. Assumes no additional SOGA required. 1.1 gigawatts multiplied by the implied revenue per megawatt per Cantor Fitzgerald multiplied by the hosting margin.





# Illustrative Transaction with Mawson: Analysis at Various Prices

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		Mawson Infrastructure									
		Market	Illustrative Transaction with Mawson Infrastructure					Canyon			
(\$ in millions, except per share figures)		\$3.73	\$6.00	\$7.00	\$8.00	\$9.00	\$10.00		\$2,300	\$2,500	\$2,700
Premium / (Discount)	Metric										
Current (April 23, 2022)	\$3.73	--	60.9%	87.7%	114.5%	141.3%	168.1%		--	--	--
52-Week High (Intraday - September 3, 2021)	17.25	(78.4)	(65.2)	(59.4)	(53.6)	(47.8)	(42.0)		--	--	--
(x) Shares Outstanding		73.845	73.845	73.845	73.845	73.935	74.278		--	--	--
Implied Equity Value		\$275	\$443	\$517	\$591	\$665	\$743		\$2,168	\$2,368	\$2,568
(+) Debt <sup>(1)</sup>		11	11	11	11	11	11		464	464	464
(-) Cash and Cash Equivalents <sup>(2)</sup>		(5)	(5)	(5)	(5)	(5)	(5)		(331)	(331)	(331)
Firm Value		\$281	\$449	\$522	\$596	\$671	\$748		\$2,300	\$2,500	\$2,700
Implied Multiples	Metric							Metric			
'22E EBITDA	\$105	2.7x	4.3x	5.0x	5.7x	6.4x	7.1x	\$380	6.0x	6.6x	7.1x
'23E EBITDA	198	1.4	2.3	2.6	3.0	3.4	3.8	1,001	2.3	2.5	2.7
Contracted Hashrate	4.0	0.7	1.1	1.3	1.5	1.7	1.9	13.0	1.8	1.9	2.1
Mawson Pro Forma Ownership:	Assumed Celsius Equity Value										
	2,168	11.3%	17.0%	19.3%	21.4%	23.5%	25.5%				
	2,368	10.4%	15.8%	17.9%	20.0%	21.9%	23.9%				
	2,568	9.7%	14.7%	16.8%	18.7%	20.6%	22.4%				



STATEMENTS OF OPERATIONS

U.S. dollars in thousands, except unit and per unit data

	Nine months ended September 30, 2021 (Unaudited)	For the period from October 5, 2020 (inception) to December 31, 2020
Mining revenue	\$ 78,240	\$ -
Cost of revenues:		
Depreciation	10,526	-
Mining management services	3,084	-
Mining setup fees	286	-
Hosting services	10,801	-
Total cost of revenues	24,697	-
Gross profit	53,543	-
Operating expenses:		
Administrative services fees	2,236	450
Subcontractors	130	20
Professional fees	729	-
Marketing expenses	10	-
Total operating expenses	3,105	470
Operating income (loss)	50,438	(470)
Interest expense	11,927	304
Interest income	(3,263)	(330)
Unrealized gain on investment in convertible debt	(833)	-
Realized loss from BTC loan repayment	3,337	-
Unrealized gain from revaluation of BTC loan	(2,560)	-
Other expenses, net	8,608	(26)
Net income (loss) before taxes	41,830	(444)
Current income tax expense	2,071	-
Deferred income tax expense (income)	8,385	(93)
Total income taxes	10,456	(93)
Net income (loss)	\$ 31,374	\$ (351)



Q1 2022

Unaudited PNL

CELSIUS MINING - P&L 2022	JAN - ACTUAL	FEB - ACTUAL	MARCH - PRELIM.	1Q22
Mining Revenue	\$ 17,331,433	\$ 14,521,759	\$ 17,462,933	\$ 49,316,125
<b>Cost of Revenues:</b>				
Depreciation - Mining Equipment*	\$ 3,518,951	\$ 3,720,109	\$ 4,348,913	\$ 11,587,973
Repair, Maintenance, Transportation	\$ -	\$ 22,896	\$ 116,799	\$ 139,695
Hosting & Proprietary Sites	\$ 4,050,029	\$ 3,384,846	\$ 4,009,611	\$ 11,444,486
Total Cost of Revenues	\$ 7,568,979	\$ 7,127,851	\$ 8,475,323	\$ 23,172,154
<b>Gross Profit</b>	<b>\$ 9,762,453</b>	<b>\$ 7,393,908</b>	<b>\$ 8,987,610</b>	<b>\$ 26,143,971</b>
<b>Operating Expenses:</b>				
G&A	\$ 417,464	\$ 1,542,840	\$ 1,670,320	\$ 3,630,624
Total Operating Expenses	\$ 417,464	\$ 1,542,840	\$ 1,670,320	\$ 3,630,624
<b>Operating Income (Loss)</b>	<b>\$ 9,344,989</b>	<b>\$ 5,851,068</b>	<b>\$ 7,317,290</b>	<b>\$ 22,513,347</b>
<b>Other Expenses</b>				
Interest Expense	\$ 4,105,893	\$ 4,135,485	\$ 5,175,064	\$ 13,416,443
Trading Transaction Fee	\$ -	\$ -	\$ 39,201	\$ 39,201
Unrealized Loss/(Gain) - BTC	\$ -	\$ -	\$ 1,090,652	\$ 1,090,652
Realized Loss/(Gain) - BTC	\$ 2,573,144	\$ -	\$ 617,399	\$ 3,190,543
Total Other Expenses	\$ 6,679,037	\$ 4,135,485	\$ 6,922,317	\$ 17,736,839
<b>Net Income</b>	<b>\$ 2,665,952</b>	<b>\$ 1,715,583</b>	<b>\$ 394,973</b>	<b>\$ 4,776,508</b>
Interest Expense	\$ 4,105,893	\$ 4,135,485	\$ 5,175,064	\$ 13,416,443
Depreciation - Mining Equipment*	\$ 3,518,951	\$ 3,720,109	\$ 4,348,913	\$ 11,587,973
Realized Loss/(Gain) - BTC	\$ 2,573,144	\$ -	\$ 617,399	\$ 3,190,543
<b>EBITDA</b>	<b>\$ 12,863,940</b>	<b>\$ 9,571,177</b>	<b>\$ 10,536,350</b>	<b>\$ 32,971,466</b>
<b>EBITDA Margin</b>	<b>74%</b>	<b>66%</b>	<b>60%</b>	<b>67%</b>

\*Excludes depreciation for proprietary sites; NM  
2022





# GK8

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Daniel Leon

# Executive Summary

- **About**

- GK8 provides a secure institutional digital assets **self-custody platform**; GK8's end-to-end product provides the infrastructure for crypto services such as Custody, Staking, DeFi, NFT, Tokenization, and Trading
- Developed a patented technology (7 patents) that utilizes the industry's only true "Cold" Vault, which can create, sign and send blockchain transactions while never connecting to the internet, paired with propriety MPC to achieve "Cold" security with "Hot" functionality
- Customers include both traditional financial institutions (e.g., banks and asset managers), who enter crypto and require the infrastructure to offer new services, and crypto institutions (e.g., exchanges, custodians, and crypto foundations) interested in expanding their existing services and improving their security

- **Market opportunity**

- Due to the lack of blockchain security expertise, the rapidly growing demand for institutions to offer crypto services makes providers, such as GK8, a crucial building block in the market
- Crypto foundations are interested in licensing GK8's technology in order to get both market exposure (Celsius and other large clients use GK8) and keep their treasury more secure than MPC

- **Key challenges**

- Lack of tech expertise encourages institutions to start with a **managed-custody** solution, which we are not yet ready to provide, and has been stemming GK8's growth
- Trade-offs between prioritizing varying prospective customer asks to support new blockchain protocols
- Team leadership based exclusively in Israel and lacking international business capabilities, hindering growth in very competitive market; in addition, engineering and business teams are severely constrained

# Agenda

1. GK8 overview
2. Status update & progress since acquisition
3. Near term product roadmap & GTM strategy

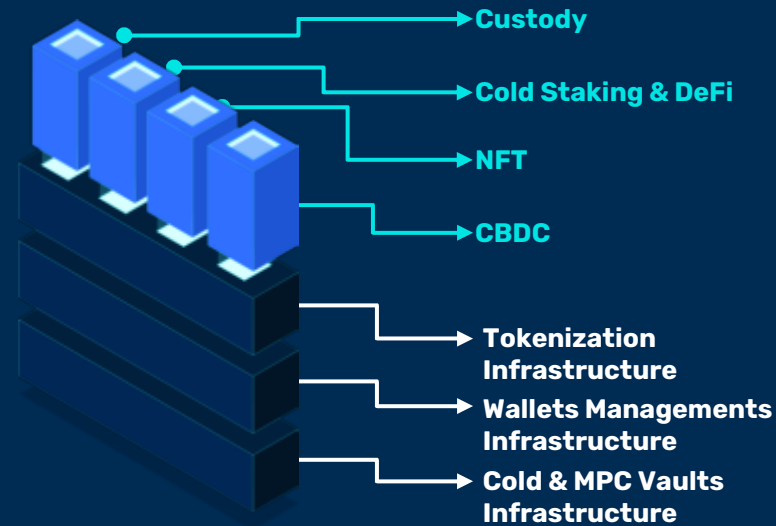
# GK8 Overview

## Team

- GK8 has 37 employees, based in Tel Aviv
- The founders (Lior Lamesh and Shahar Shamai) are veterans of Israel's elite cyber-security units; their advisory board includes a leading cryptography professor from Columbia University

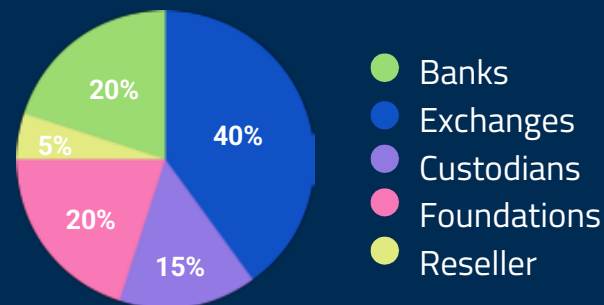
## Product

- GK8 provides a secure institutional digital assets **self-custody platform**; its end-to-end product provides the infrastructure for crypto services such as, Custody, Staking, DeFi, NFT, Tokenization, and Trading
- Platform currently supports over 1,000 coins



## Customers

- Customers include both traditional financial institutions (e.g., banks and asset managers), who enter crypto and require the infrastructure to offer new services, and crypto institutions (e.g., exchanges, custodians, and crypto foundations) interested in expanding their existing services and improving their security
- Customers manage over \$50B in digital assets and have integrated over \$20B into GK8's solution



# GK8 value proposition

- Developed a patented technology (7 patents) that utilizes the industry's only true "Cold Vault," which can create, sign and send blockchain transactions while never connecting to the internet, paired with propriety MPC to achieve "Cold" security with "Hot" functionality
- Access to **\$750M insurance** which is the highest insurance in the market
- Agile team of experts with the ability to **quickly support** and integrate new protocols and crypto technologies



## GK8's End-to-End Solution: Patented 3-tier technology



### Deep Cold Vault

True "Cold Vault" for custody

Highest insurance in the market  
(\$750M)

**AON**



### Cloud MPC Vault

Day-to-day automated transactions

1000x faster than typically MPC wallets (up to  
7500 signatures per second)



### Cash Box Control

Real-time "Cold" transactions

Enabling the security of true "Cold Vault" with  
the functionality of Hot

# Market opportunity

## Key trends

- Dramatic growth of thefts in cryptocurrencies, with more than \$14B value of digital assets stolen in 2021
- MPC, which is considered the market security standard, has been hacked
- Due to the lack of blockchain security expertise, the rapidly growing demand for institutions to offer crypto services makes providers, such as GK8, a crucial building block in the market
- Key competitor, Fireblocks, valued at \$8B
- Over 100,000 potential clients that need to manage more than 2 trillion dollars in digital assets

## Key competitors



### Self-custody (direct competition)

#### Self-managing the keys

- Building-block for unlimited potential services
- Increase internal operations
- Customer must obtain license

### Managed-custody (indirect competition)

#### Keys managed by 3<sup>rd</sup>-party

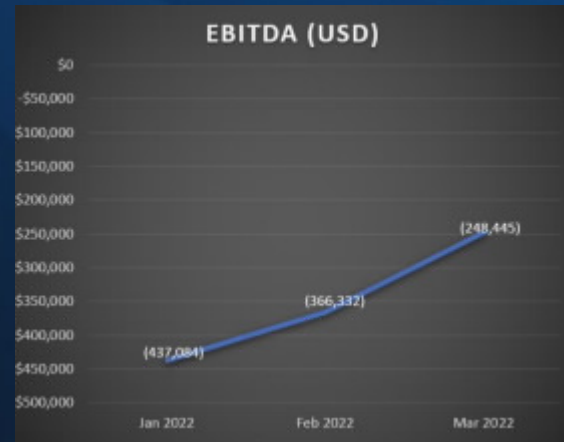
- Easier to start
- Limited services
- License held by 3<sup>rd</sup>-party

# Agenda

1. GK8 overview
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# P&L Q1 2022

	Jan 2022	Feb 2022	Mar 2022
Total revenues	123,100	190,100	258,500
COGS	8,617	13,699	18,095
Gross Profit	114,483	176,401	240,405
R&D	285,965	299,367	243,823
S&M	169,270	97,251	83,910
G&A	96,332	146,115	161,117
Operating expenses	551,567	542,733	488,850
EBITDA	(437,084)	(366,332)	(248,445)
Total Headcount	28	34	34





# Patents Status

Patent	Current Submitted Countries	Status
SHARING A SECRET BETWEEN AN ISOLATED DEVICE AND A NETWORK CONNECTED DEVICE	USA	Granted
UPDATING DIGITAL ASSETS TRANSACTIONS IN ISOLATED DEVICES	USA	Published
TRANSFERRING CRYPTOCURRENCY FROM A REMOTE LIMITED ACCESS WALLET	USA	Published
CRYPTOCURRENCY WALLET AND CRYPTOCURRENCY ACCOUNT MANAGEMENT	USA, Europe, Canada, Japan, Singapore, S. Korea, Australia, China, Israel	Pending
SECURE CONSENSUS OVER A LIMITED CONNECTION	USA, Europe, Singapore, Israel, Hong Kong	Pending
TRANSFERRING DIGITAL ASSETS POSSESSION OVER A UNIDIRECTIONAL CONNECTION	USA, Europe, Singapore, Israel, Japan	Pending
SYSTEMS AND METHODS FOR SIGNING OF A MESSAGE	USA, Europe Canada, Japan, Singapore, Australia, China, Israel	Granted

# Signed deals post acquisition



**Client Type:** Crypto Foundation  
**Installation Site:** Switzerland  
**Term:** 3 years  
**Deal Value:** Min \$1.2M



**Client Type:** Bank  
**Installation Site:** USA  
**Term:** 3 years  
**Deal Value:** Min \$375K



**Client Type:** Crypto Exchange  
**Installation Site:** Israel  
**Term:** 3 years  
**Deal Value:** Min \$190K



**Client Type:** Crypto Foundation  
**Installation Site:** Germany  
**Term:** 3 years  
**Deal Value:** Min \$1.2M



**Client Type:** Real Estate Token  
**Installation Site:** Israel  
**Term:** 2 years  
**Deal Value:** Min \$155K



**Client Type:** Crypto Exchange  
**Installation Site:** Brazil  
**Term:** 3 years  
**Deal Value:** Min \$375K



**Client Type:** Crypto Market  
**Installation Site:** Israel  
**Term:** 5 Years Renewal  
**Deal Value:** Min \$1.6M



**Client Type:** Payments Institution  
**Installation Site:** USA  
**Term:** 3 years  
**Deal Value:** Min \$195K

# Agenda

1. GK8 overview
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# Product Roadmap 2022

Case 1:23-cv-05049-DLC Document 42-1 Filed 09/11/23 Page 184 of 305

## Version 9

- . Tezos DeFi
- . MetaMask Institutional
- . NEAR Network

## Version 10

- . User & Policy Management 1/2
- . Litecoin
- . Tron
- . Iota
- . Terra Luna
- . Performance enhancements 1/2

## Version 11

- . User & Policy Management 2/2
- . Solana
- . Hedera tokens
- . Tezos smart contracts + tokens
- . Performance enhancements 2/2



June 2022



September 2022



December 2022

## VERSIONS SCOPE

Better DeFi support for tezos blockchain, allowing DeFi connection through MMI and capitalizing on NEAR network opportunities

Improved capabilities in managing users & transactional policies. Four added blockchains & enhanced performance for clients with many deposit addresses

Finalizing & rolling out new user & policy capabilities, Adding Solana blockchain and Hedera tokens plus Tezos smart contracts & tokens. Finalizing the 2nd part of performance enhancements

# Go-to-market Strategy 2022

Case 1:23-cv-06009-DLC Document 42-1 Filed 09/11/23 Page 185 of 305

**Current EOY '22 target:** \$8M ARR [to be revised in coming weeks]

## Sales Strategy

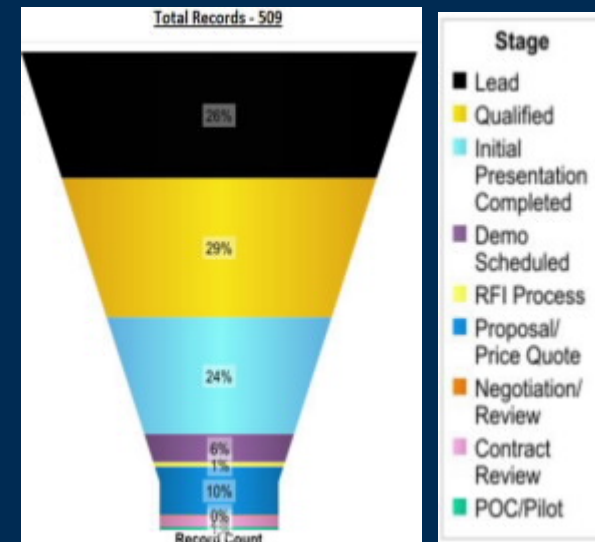
1. Building sales & marketing team, with a focus on presence in US and Asia
2. Partnership channels:
  - a. Securrency – Integrated offering, targeting banks that are focused on digitizing traditional assets
  - b. MetaMask institutional – Integrated offering of MMI DeFi functionalities paired with GK8 custody
  - c. Mutual client referrals by technology/business partners (Tezos, Chainalysis, AON, consulting firms, etc.)
3. Celsius referrals in collaboration with Celsius Institutional Business Development team

## Business Model

- **Average Deal Size** = \$15K one-time installation fee + minimum AUM fee of \$120K annually (sliding scale based on AUM and withdrawal fees) – ARR ≥ \$120K
- **Large Deal Size** = \$35K one-time installation fee + minimum AUM fee of \$300K annually (sliding scale based on AUM and withdrawal fees) – ARR ≥ \$300K
- **Annual Licensing Model (Alternative)** - \$35K one-time installation fee + \$700K unlimited use License fee
- **Term** - Mostly 3-year Term Agreements

## Sales Pipeline

(Funnel, Salesforce)



Running POCs:





# CWS & CelsiusX

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Nuke Goldstein



## The AWS of Crypto

- Celsius created a complex and unique flywheel that makes it a yield machine without fleecing our retail users with charges and fees
- CWS is a way for Celsius to monetize it's experience building in the space and increase crypto adoption by offering third-parties access to our systems, services, protocols, and tools. The CWS catalog of products and services is necessary for adopting new CeFi, DeFi, and Web3 solutions
- Maintain growth, leadership, and revenue streams
- Ensure that systems, tools, and infrastructure are safe, secure, scalable, and compliant - yet innovative and forward looking



## First Mover Advantage

Celsius has pioneered the way both retail users and institutional customers can leverage their assets through our full-service suite of features. We can now offer B2B customers the opportunity to leverage our products to provide value to their customers in ways previously out of reach.

## Product Reach

Celsius's current suite of products span centralized finance, decentralized finance and cutting edge Web 3.0 capabilities. This will allow potential customers of CWS a broad range of value creation opportunities for their user bases, while still catering to their individual companies focus and operating model.

## ArchAngel Team

We already have a proven best-in-class team of architects and engineers with experience in both traditional finance and the world of Web 3. It is our intention to continue building the experiential diversity of this team to have expert architects for every facet of the CWS product offering.





## **CWS will offer both innovators and traditional institutions the ability to seamlessly adopt a suite of crypto services and value creation vehicles**

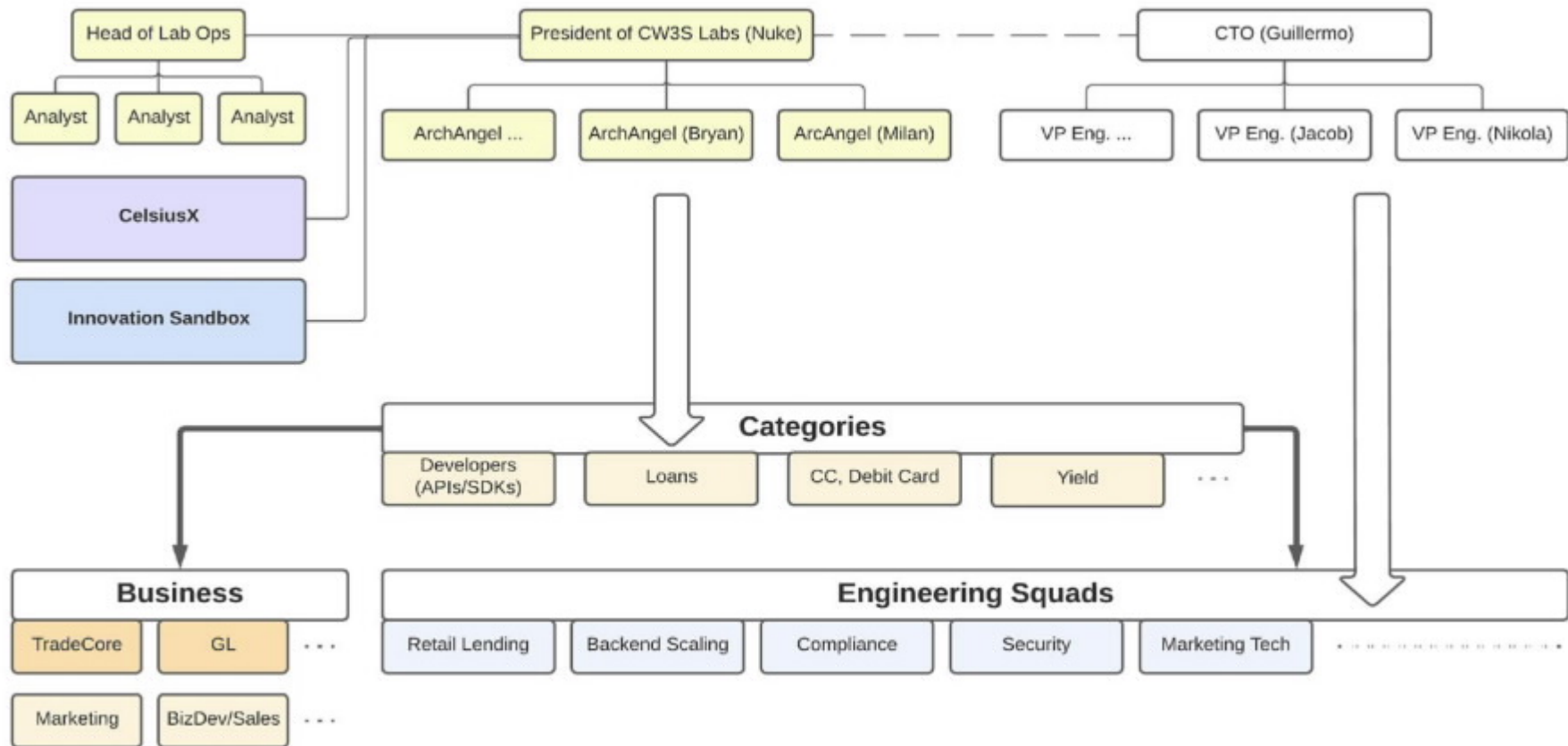
- Web 3.0 Technology is being adopted and iterated on at an unprecedented rate
- The financial opportunity for companies and individuals has created tremendous pressure and demand for crypto asset related services through both centralized and decentralized product offerings
  - The rate of adoption and limited engineering expertise calls for more tools to support in-house product builds

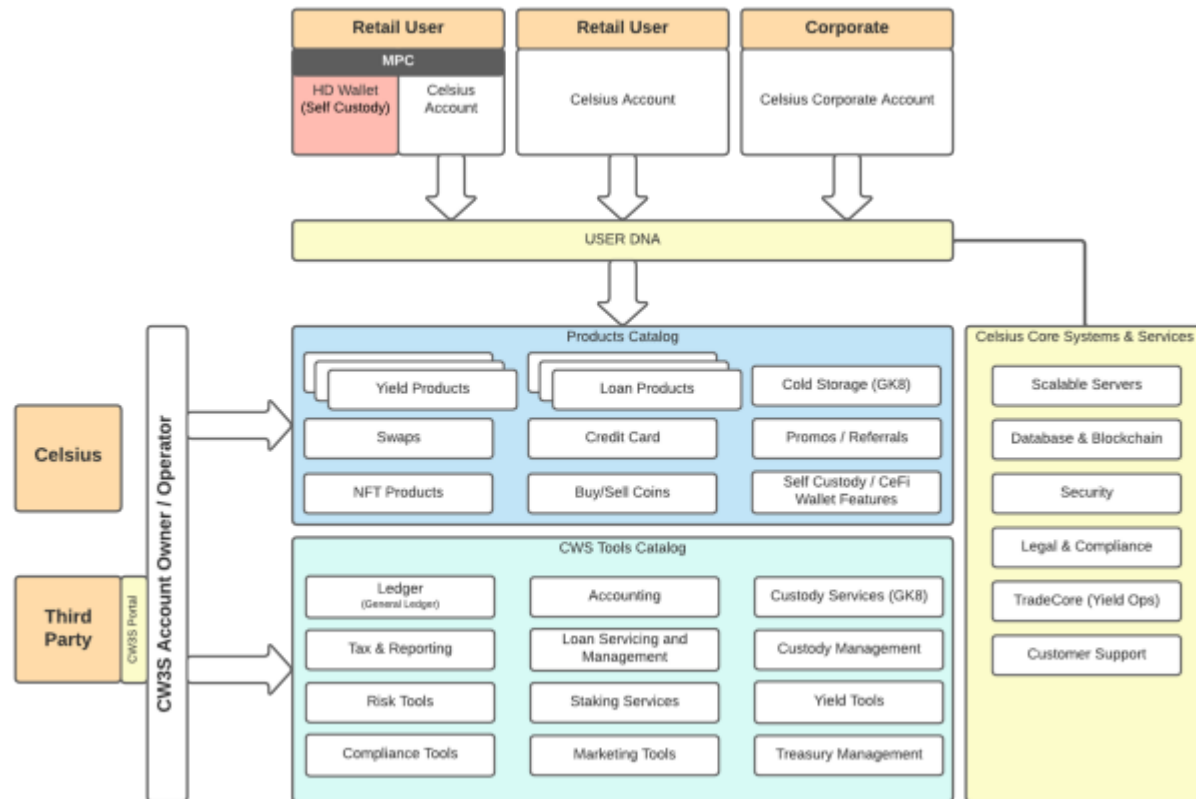


PRINCIPLES			
Scalability, Stability, Security	Transparency (immutability, PoC)	Innovation (CeFi, DeFi, NFT, blockchain)	Segregatability (multi-tenant)
SaaS	Integration	Modular	
DELIVERABLES			
Developers	Business	Celsius Core	
APIs SDKs Docs Logs Debugging Tools	Dashboards Portals Back Office Tools Reports Services	Security Scalable & Stable Services Support Legal Compliance	



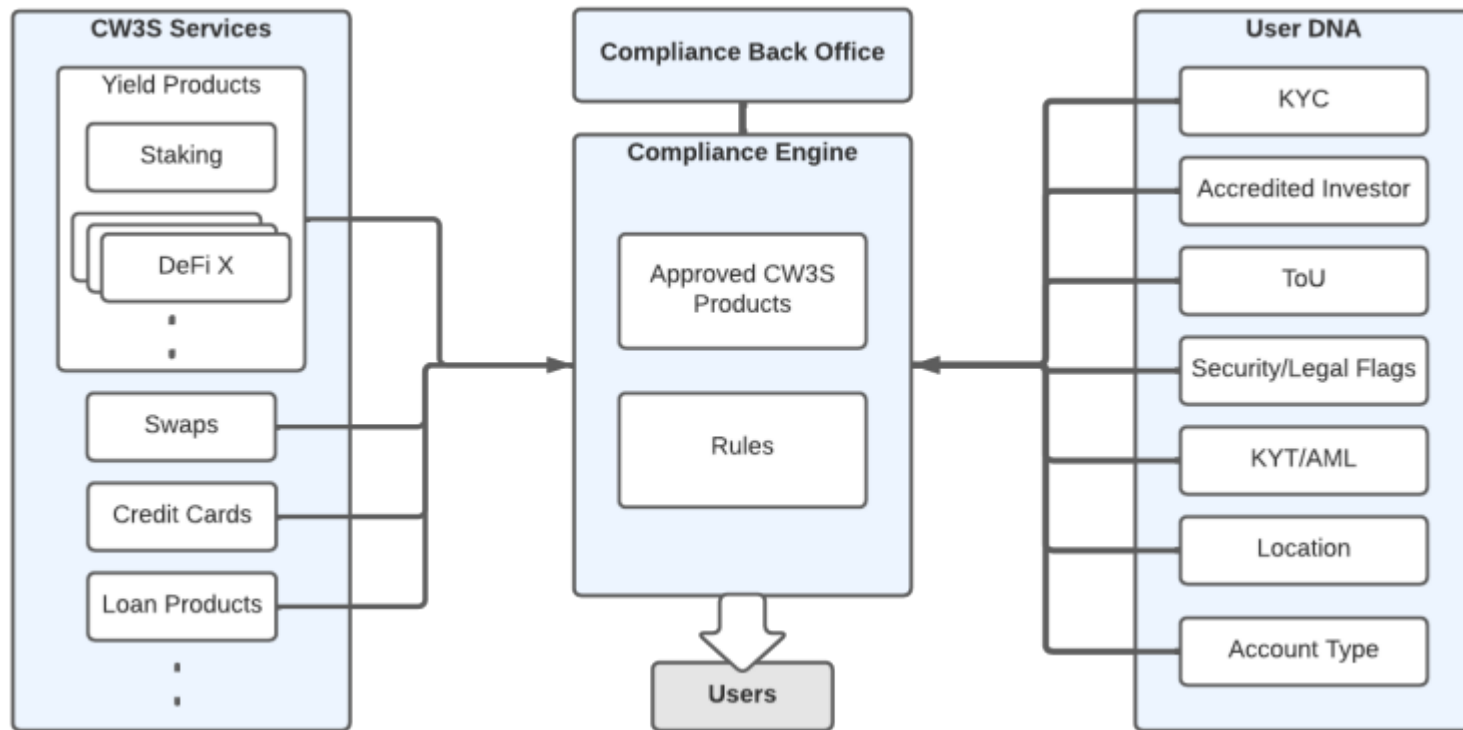
# Organizational Chart







# Internal Upgrades – User DNA - Compliance - Granular Catalog





1. Phase 1: **Expand core systems** to support the following:
  - a. Implement new version architected to scale to support 100M users, and beyond
  - b. Architecture of microservices and internal/external API schemas with cross-products and services standards.
  - c. Identify potential customers and design partners
  - d. Wrap and brand existing (i.e. no development) company solutions (GK8, CelsiusX, earn API, yield, RIA, etc.)
1. Phase 2: **Transform latest services and features** according to level-of-difficulty and market demand
  - a. Microservices and API on new in-development features - corporate onboarding, staking
  - b. Microservices and API on new existing features developed prior to CWS - on-ramps, swaps, credit-card
  - c. Train engineering squads on proper build
  - d. Developers' portal, documentation etc.
2. Phase 3: **Financial tools, dashboard, innovation platform**
  - a. Retail lending as a CWS catalog item
  - b. Back-office tools for CWS customers - security, support, monitoring, etc.
  - c. Financial tools - accounting, risk management, etc.
  - d. Catalog portal and dashboards
  - e. Add new solutions and Web3 catalog items - NFTs, self-custody app solutions, etc.
  - f. Adapt CelsiusX in more offerings - for example: loans contracts, CEL cross-chain utilities

Build a CWS Catalog



# CelsiusX

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DeFi Innovation bridged with CeFi



## **A team of innovators and builders forging the next “big-thing” in crypto and decentralized finance (DeFi). The “DeFi arm of Celsius.”**

- ▶ DeFi Research - analyze developments in technology and protocols for potential partnerships, integrations, and investments
- ▶ Product Prototyping - develop innovative new products for Celsius including cross chain bridge, internal blockchain, proof of community, and more to come
- ▶ Smart Contract Engineering - leverage team of Solidity programming experts to deploy new code onto Ethereum-virtual machine compatible blockchains
- ▶ DeFi Deployment - allocate \$100mm for protocol deployment and adoption of cxTokens
- ▶ DeFi Partnerships - partner with key external stakeholders and protocols







## Value to Celsius

CelsiusX enables Celsius and end-users to take advantage of new opportunities:

- Reduce the friction in which we move assets cross-chain
- Earn using assets that otherwise not available in DeFi
- Earn yield from native assets for users who have bridged their own assets
- Increase yield, earn from both native and wrapped assets

## Value to Users

- Use assets on other blockchains (e.g. DeFi)
- Trustworthy and verified bridge
- No fees for bridging assets
- Unify liquidity between blockchains



## Opportunity

Automated, permissionless, trustless money markets that can earn outsized yields.

- DeFi is expected to replace \$100T in traditional financial markets



Source: BondAppetit.com

## Challenges

- Hacks
- High fees
- Terrible UI/UX
- Unreliable bridging infrastructure between blockchains

### THE TOP 10 HACKS IN 2021



CNA	\$45,000,000	Venue	\$200,000,000
Alpha Finance, Cream Finance	\$113,000,000	EasyFI	\$85,000,000
Meerkat Finance	\$11,000,000	Finblocks	\$75,000,000
Farcrypto	\$14,000,000	Unicore Finance	\$55,000,000
YFI	\$5,000,000	PancakeBunny	\$45,000,000
TSD	\$1,000,000	DeFiDOD	\$50,000,000
TryBull	\$1,500,000	Spartan Protocol	\$35,000,000
DODG	\$1,000,000	sTakes	\$25,000,000
Turtle.dao	\$1,270,000	StableMagnet	\$20,000,000
Nanchang Jiangxi	\$1,210,000	Kari Capital	\$14,000,000
Umbrella Network	\$244,000	AutoShark Finance	\$68,320,34
Bondy Finance	\$10,700,000	BitMart	\$100,000,000
Liquid	\$1,200,000	BXX	\$10,700,000
Poly Network *	\$11,000,000	Cream Finance	\$100,000,000
Finke	\$100,000,000	BudgerDAO	\$100,000,000
Compound	\$50,000,000	Compound	\$70,000,000
DAO ventures	\$50,000,000	Loxi	\$50,000,000
Sentinel	\$40,000,000	MonoX	\$10,000,000
Vee.Finance	\$10,000,000	Indexed Finance	\$10,000,000
Blaxy	\$1,700,000	Synapse Protocol	\$5,000,000

\* The funds have been returned



## **Initial product launched on 2/22/22 and included the following features:**

- A cross chain liquidity bridge that facilitates bridging assets from one blockchain to another
- Support for wrapped tokens on the Polygon Blockchain (cxETH, cxADA, cxDOGE, cxBTC)
- Web App support
  - Send wrapped tokens to polygon
  - Receive wrapped tokens and consolidate into a single balance



## Send coins to external wallets and other Celsius members

Select the coin and amounts you want to send, then indicate their destination to complete your transaction.

← Go Back



Coins ▾	Holding (USD) ▾	Transfer Amount	Network	Destination
Ethereum (ETH)	\$4,500.00	0.5 ETH	Ethereum ▾	Send address ▾
Cardano (ADA)	\$4,500.00	0.5 ETH	<div> Ethereum ERC-20</div>	Send address ▾
Dogecoin (DOGE)	\$4,500.00	0.5 ETH	<div> Polygon MATIC Network</div>	Send address ▾

Continue →

Select Destination to continue ↗



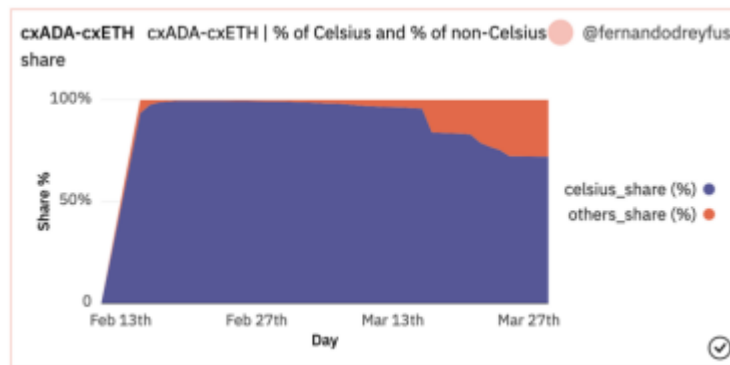
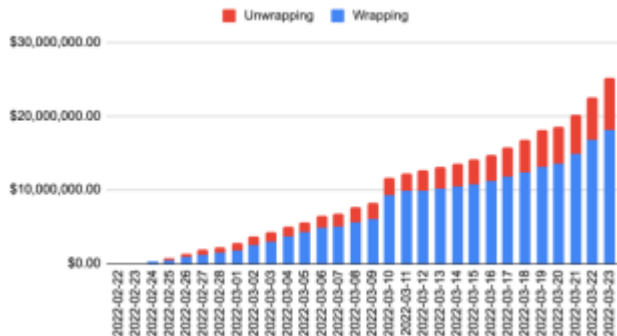
DeFi TVL (cxTokens on protocols): \$100M

Number of cxToken Holders: 973

YTD Bridge Volume (wrap & unwrap): \$60M

cxToken penetration (# protocols listing the token): 4

Running sum wrapping & unwrapping total volume (\$USD)

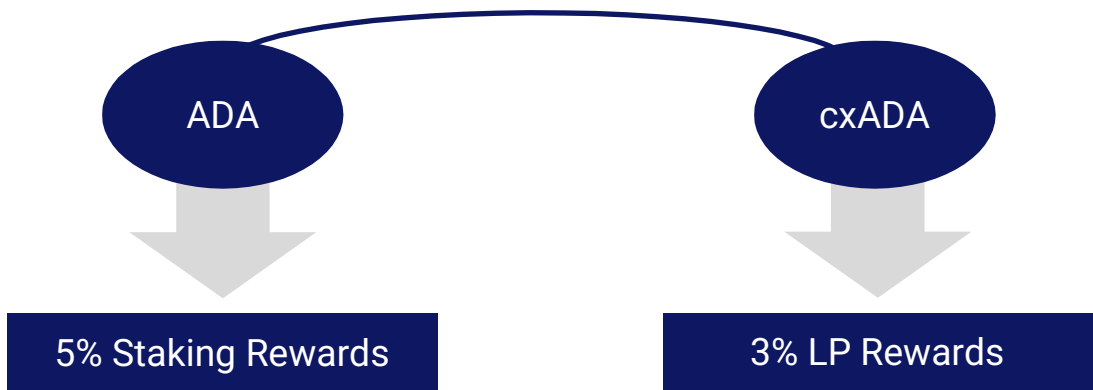




# Wild World of DeFi 1 – Dual Yield

## CelsiusX technology allows users to earn additional revenues on tokens minted against staked assets

- Staked assets earn yield simply by locking them on their native blockchains
- Through CelsiusX, new tokens can be minted against the staked asset and earn additional revenues or dual yield on the target chain

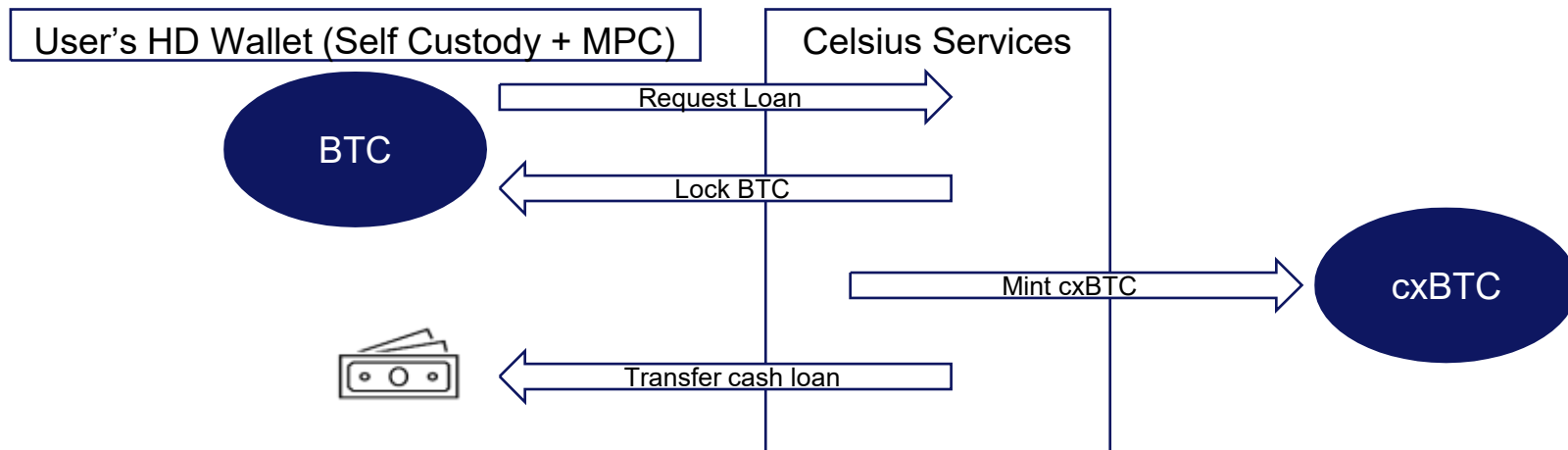


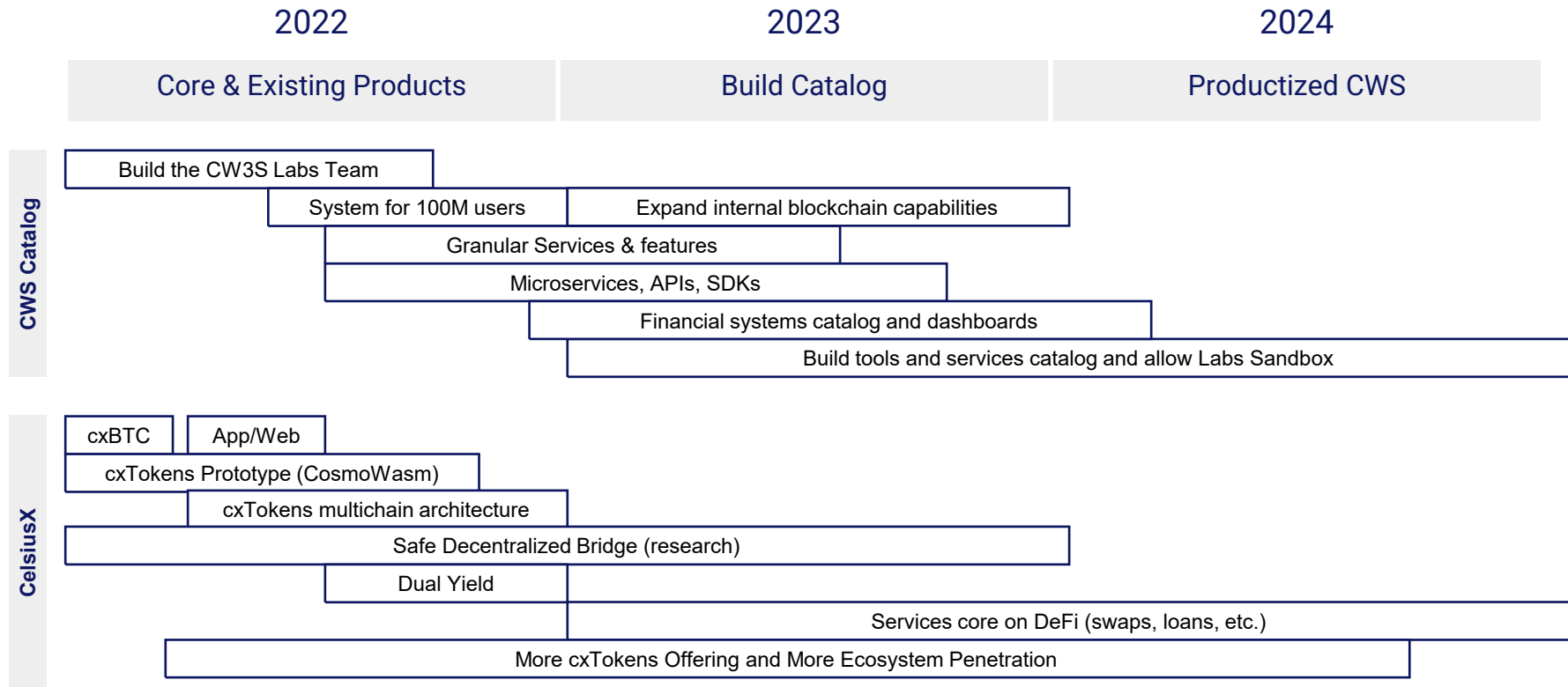


# Wild World of DeFi 1 – Loan Without Moving Funds

## BTC loans allow Celsius to save money on interest and earn additional revenues on locked assets

- Celsius pays no interest on locked BTC and generates income on newly minted cxBTC
  - For example, Celsius can loan cxBTC to lending/borrowing protocol AAVE









# Agenda

01 Introduction

02 Market overview

03 Strategy & KPIs

04 Financials

05 Product & marketing

06 Regulatory & compliance

07 Subsidiaries & strategic initiatives

08 Business operations

09 Closing remarks





## Business Operations - Navigation

*(each section is linked)*

**A** COO / Transformation Update

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**B** Governance

---

**C** Risk

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**D** Security & IT

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**E** Human Resources

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# COO / Transformation Update

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Aslihan Denizkurdu  
CHIEF OPERATING OFFICER



# Executive Summary (I/II)

## Organization

- The COO team that was inherited **was designed to plug operational gaps and address a wide range of critical/urgent issues** Celsius was facing. It included: an Operations team, with a focus on admin activities; Tech Ops teams, especially in Middle-office and Data as well as Retail Lending and Customer Success operations
- The **revised focus** of the COO teams is **pivoting towards specific and clear objectives**: 1) Drive **structural and continuous improvements** in the **operating model**; 2) Organize, prioritize and execute **critical transformation initiatives**; 3) Establish operational effectiveness across **critical end-to-end processes** with a robust **technology infrastructure**
- The leadership team will be comprised of an **influx of new talent**, who will be joining Celsius in May / June

## First 90 Day Observations

- Several **challenges** have been identified, primarily driven by **Celsius' hyper growth** over the last year, **requiring transformative changes**. These challenges follow three themes:
  - A. Limited Clarity on **R&R**, Low **Accountability**
  - B. Lack of **Prioritization** & Poor/Sub-par **Delivery Quality**
  - C. Manual and Immature **Processes/Systems**
- In order to drive the business towards the overarching North Stars—growing to 10M and 100M users and building out CWS – **we need to address these pain points in a structural and sustainable way**

## COO Initiatives & Book of Work

- We are addressing these pains by **driving change along three main vectors**
  - A. Redefining the operating model**, the organizational structure, the Business Units
  - B. Consolidating firm-wide projects** (400+ items) and prioritizing them, launching a **transformation office**, bringing clarity and order to internal and external resource deployment
  - C. Redesigning and rebuilding the core technology infrastructure**, to be scalable and resilient
- We completed a thorough discovery & design phase, and are **transitioning into detailed planning & execution**



# Executive Summary (II/II)

## New Operating Model

- The design centers around **two main customer segments**: Retail and Institutional / Corporate / High Net Worth
- Each segment has **dedicated Business Development** (Sales, Marketing, Partnerships, Analytics) **and Product Teams** that include product **P&L ownership**, management, development and business ops
- Product Teams will be supported by a **centralized Tech Engineering team**, which was kept central to ensure teams are leveraging common tools, dev approaches and resource management
- In the short term, **given Celsius challenges in New Product Development and Deals**, we plan to **immediately deploy “acceleration and execution” expertise** in both areas

## Transformation Office (incl. Project Rationalization)

- Objective is to **establish a continuous improvement capability** to set Celsius up for profitable growth and meet short-term and long-term targets – and **set Celsius on a path to IPO readiness**
- We defined a set of **transformation pillars to drive specific business outcomes**, in line with Celsius strategic priorities – and designed both **org structure and talent needs for the Transformation Office**, which are actively being hired
- We have **reviewed 404 activities** collected throughout Celsius, and **identified 82 candidates to be delivered by TO**, a subset of which has been **prioritized and restructured into 25 initiatives** to bring under TO governance – prioritization & restructuring **currently being validated and fine-tuned with the functions**

## Core Infrastructure Re-design & Re-build

- **Core infrastructure needs significant improvements to maintain business continuity** despite **ad-hoc investments to-date** (e.g., NetSuite) and **in-flight initiatives** (TradeCore, TransactionLedger etc.)
- We completed a **systems / data feed inventory** and an initial high-level **maturity assessment**
- In progress: onboarding of a **Systems Integrator** to start addressing gap areas in a modular manner with focus on clear outcomes/enhancements in measurable timeframes (vs. a 2-year big-bang project); full development and implementation of the **new Tech Operating Model**

1. COO Organization

## 2. First 90 Day Observations

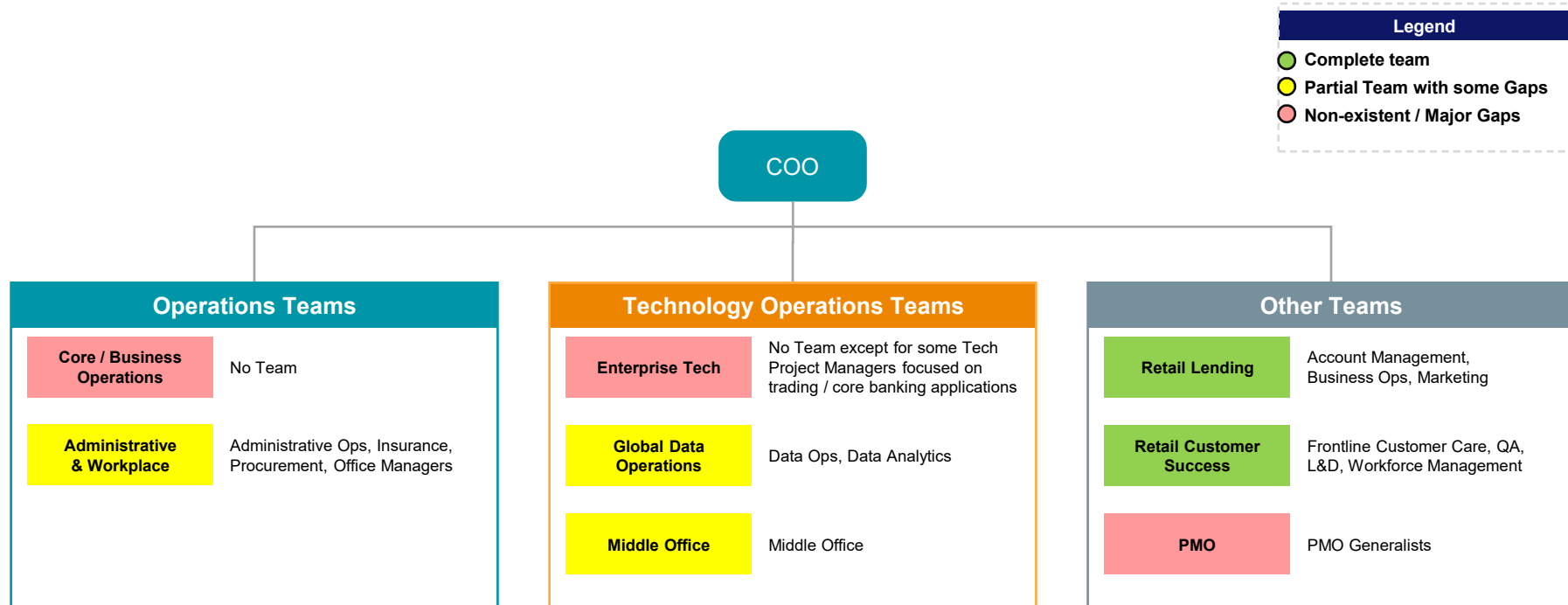
## 3. COO Initiatives &amp; Book of Work

## A. New Operating Model

## B. Transformation Office (incl. Project Rationalization)

## C. Core Infrastructure Re-design &amp; Re-build

The COO team inherited was designed to plug operational gaps and address a wide range of critical issues Celsius was facing

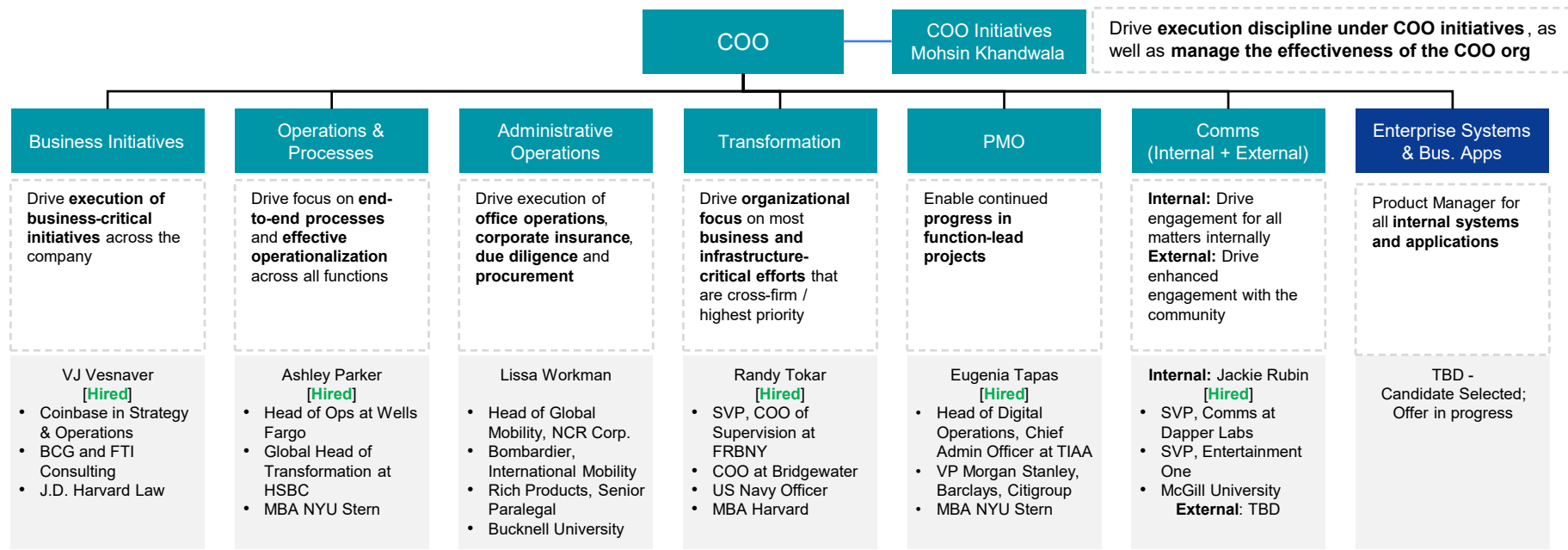


- This is not an organization chart
- Team classification based on HR employee data (as of 1/28) and subsequent analyses

# The focus of the newly established COO teams is to pivot towards specific and clear objectives

As part of the operating model redesign, the **new focus** of the COO organization will be to:

1. Drive **structural and continuous improvements in the operating model** and **core processes and systems** of the company
2. Organize, prioritize and execute **critical transformation initiatives**
3. Establish **operational effectiveness across all critical end-to-end processes** with a robust **technology infrastructure** while maintaining the agility Celsius needs to be competitive





1. COO Organization

2. First 90 Day Observations

3. COO Initiatives & Book of Work

A. New Operating Model

B. Transformation Office (incl. Project Rationalization)

C. Core Infrastructure Re-design & Re-build

# Several challenges have been identified, all relating to Celsius hypergrowth over the last year, requiring transformative changes

## Challenges and Growing Pains

- **Strategy:** lack of alignment through the ranks on where we are, where we are going, and how
- **Operating Model:** is largely ad hoc or nonexistent in some areas across the dimensions of people, process, and systems
- **Projects:** a large number of initiatives, competing for priority and resource, often lacking clear goals, success measures, and missing interdependencies
- **Resources:** lack of clarity on where resources are being consumed, often not optimally, and missing a decision framework/process to redeploy them
- **Business & Tech Infrastructure:** was built for initial growth, not built to be scalable or resilient



## Transformation Objectives

- Drive the business transformation towards the **overarching North Stars** – growing to 10M and 100M users and building out CWS
- Design the **Target Operating Model (TOM)**, aligned with our strategy and growth ambitions, and define the path to get there
- Compile and program manage a master **portfolio of all projects**, driving prioritization, sequencing, stage gating, and success of these projects
- Bring clarity and order to internal and external **resource usage**; optimize resource **deployment**
- Reinforce / rebuild **business and tech infrastructure** to be scalable and resilient

# Celsius is addressing these pains by redefining its operating model, consolidating siloed projects, and modernizing its enterprise systems

## Pain Points Themes

### Limited Clarity on R&R, Low Accountability

- Lack of clarity; decision paralysis
- Unclear workflows
- Leaders not getting what they need from shared functions

### Lack of Prioritization & Uneven Delivery Quality

- Many initiatives but little progress
- Lack of clarity on resource usage
- Culture changing with new hires
- Limited transparency

### Manual and Immature Processes/Systems

- Teams gravitate to “shiny object” work
- Business systems not scalable
- Limited understanding of true profit and revenue by product

## Improvement Initiatives with Key Levers

A

### New Operating Model

- P&L ownership and control
- R&Rs and decision rights
- Core process/system impr.
- Shared functions SLAs

B

### Transformation Office (incl. Project Rationalization)

- Improved visibility and alignment
- Focus org on strategic priorities
- Reduced time to delivery
- Better use of resources

C

### Core Infrastructure Re-design & Re-build

- Standardize enterprise-grade apps
- Integrated & automated processes
- Enablers for Celsius web services
- Reduced cost to serve



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# We completed a thorough discovery and design phase, and have been transitioning into detailed planning and execution

## What we accomplished

Designed the New Operating Model

Identified Critical Transformation Initiatives

Rationalized Existing Projects

Designed Transformation and Project Management Offices

Assessed current state of Core Infrastructure

## Activities in progress

### Deploy Operating Model (dedicated BD & Product Teams)

- Accelerate outcomes in product delivery & business development
- Define Executive R&R
- Reallocate Workforce and Resolve R&R Gaps and Overlaps
- Develop Functional Strategies & Objectives
- Design Organization Top-to-Bottom
- Roll-out / Implement Org Changes

**A**

### Launch Transformation Office

- Hire key talent to run the TO and set up recurring cadence
- Register and Qualify Critical Projects into TO portfolio
- Define High-level Plans with Project Sponsors
- Secure Resourcing and Funding for Green-lit Projects
- Standup Delivery Teams to Execute Project
- Coordinate Change Management for Releases and 'Go-Live'

**B**

### Re-design & Re-build the Core Infrastructure

- Execute RFP to onboard Systems Integrator
- Launch a Tech SteerCo led by COO & CTO
- Develop and implement the new Tech Operating Model

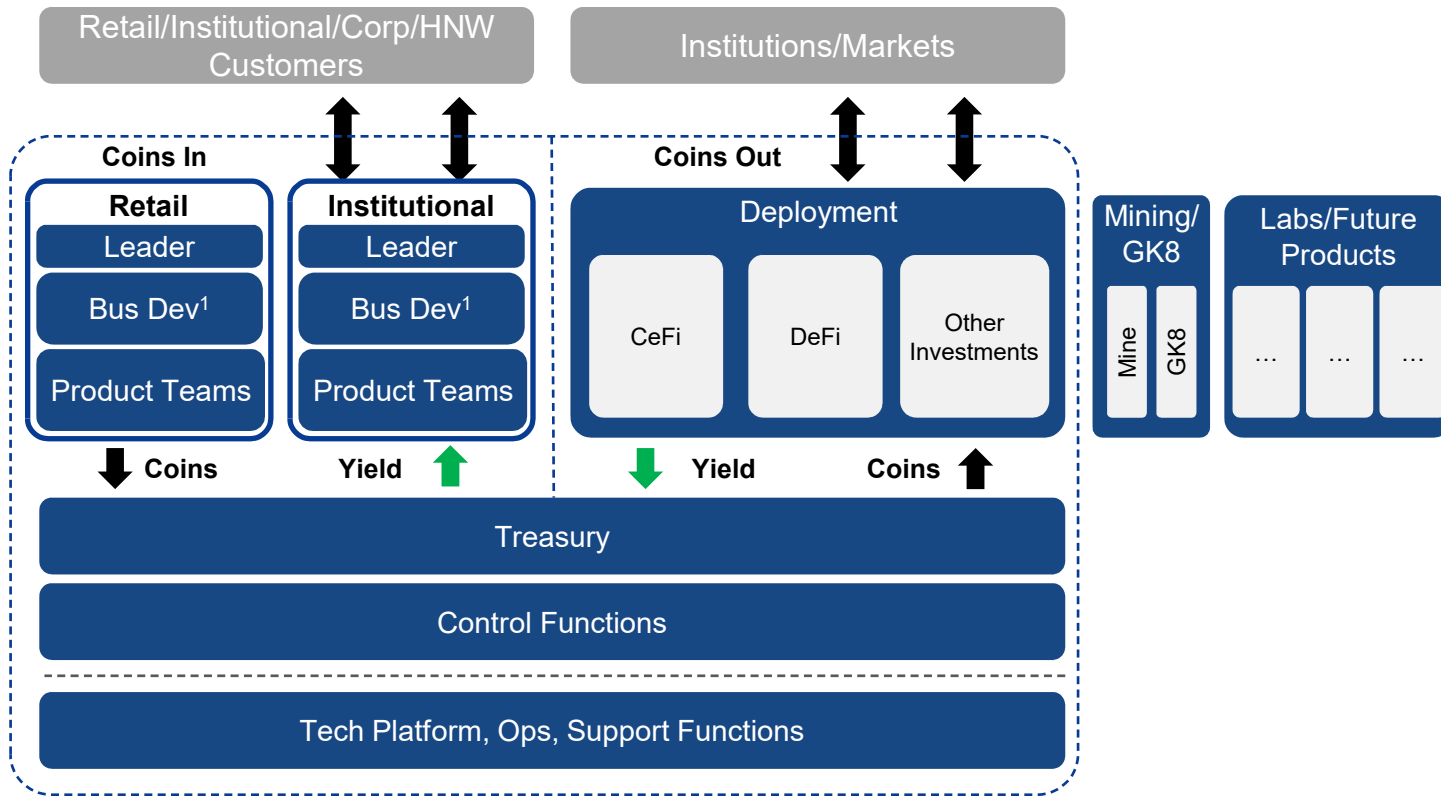
**C**

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# Operating Model: principles and objectives

- 1 Target Operating Model design was developed to **address the main pain points** around how Celsius operates today
- 2 The design centers around two main customer segments: **Retail** and **Institutional / Corporate / High Net Worth**
- 3 Each segment has dedicated **Business Development** (Sales, Marketing, Partnerships, Analytics) and **Product Teams** that include product P&L ownership, management, development and business ops
- 4 In each segment, we **separated leadership** of the Business Development from the Product Teams, to **maintain agility** around decision-making and prioritization, given the need for market responsiveness
- 5 Product Teams will be supported by a **centralized Tech Engineering team**, which was kept central to ensure teams are leveraging common tools, dev approaches and resource management
- 6 The **clear R&R delineation** established by this model will allow us to better understand and **optimize end-to-end organizational process, and system redesign**

# Operating Model: High-level Version



## Strategic Purpose:

- Business organization around **core customer segments and clear demarcation of functions / teams** enables operating with a greater purpose
- Clarity around **collaboration & handoffs** to ensure teams operate in concert, not silos

## Fundamental Changes:

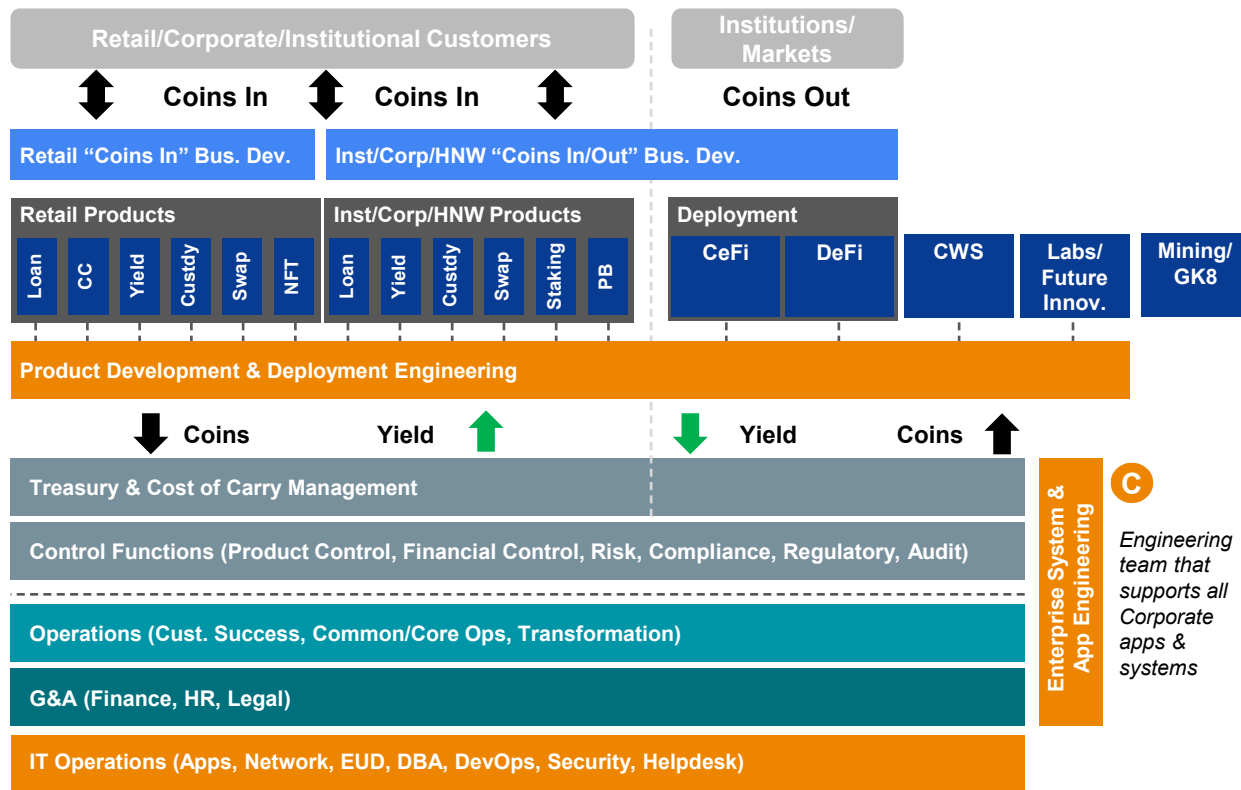
- **Leaders for Retail and Institutional** with full segment P&L accountability
- **Formal Bus Dev / GTM teams for Retail and Institution segments**
- **Product teams with P&L accountability** that manage both product & business operations
- **Engineering resources dedicated** to Deployment and Enterprise Systems / Apps in addition to Product



<sup>1</sup> Bus Dev = Sales, Marketing, Partnerships, Account Management, Research & Analytics



# Operating Model: Detailed Version and Design Logic



Group	Scope of Role & Design Logic
<b>Coins In/ Business Dev.</b>	Optimize the number of coins into the company using sales, marketing, partnerships
<b>Product Teams</b>	Responsible for delivery/pricing of products, business requirements, innovation, and Product P&Ls. <b>Includes Business Operations</b>
<b>Deployment</b>	Responsible for optimizing the ROI on coins under management
<b>Product Dev. Eng.</b>	Horizontal function with resources <b>dedicated</b> and <b>aligned</b> to each Product
<b>Enterprise System &amp; App Eng.</b>	Engineering team with resources <b>dedicated</b> and <b>aligned</b> to each Corp. function that requires engineering
<b>Treasury &amp; Cost of Carry Mgmt.</b>	Interface between Coins In and Coins Out sides of business; manage cost of carry curves
<b>Control Functions</b>	Operate independently and support all business teams
<b>Ops – Customer Support</b>	Reports to Operations because it's less account management and more transactional
<b>Ops</b>	Operations, G&A and IT Operations are back-office functions supporting the overall business
<b>G&amp;A</b>	
<b>IT Ops</b>	



Bus. Dev.

Product Teams

Technology Teams

Control Functions

Ops Teams

G&amp;A Teams

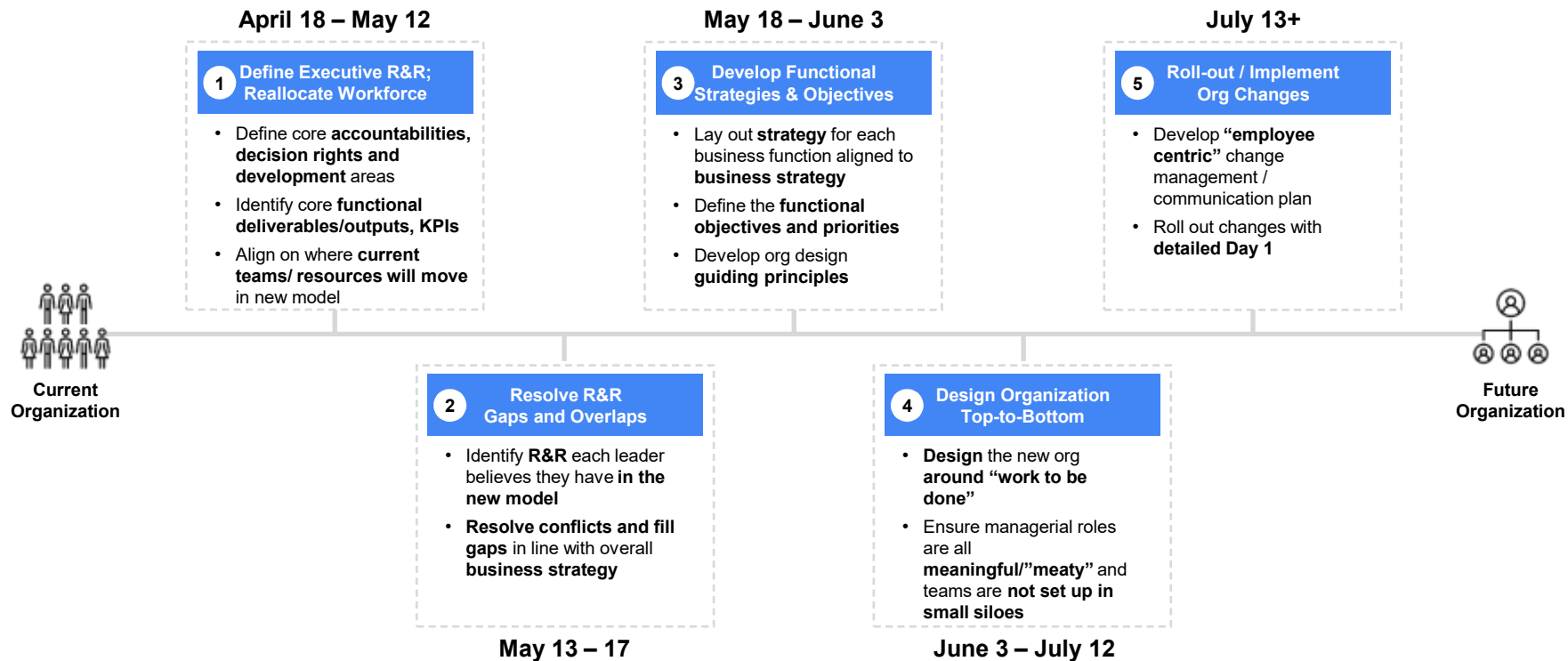
Note: this is an Operating Model,  
not an organizational chart

[RETRACTED]



# Next Steps to implement the Operating Model

Once we finalize and socialize the Target Operating Model, we will work with each leader to do the following:



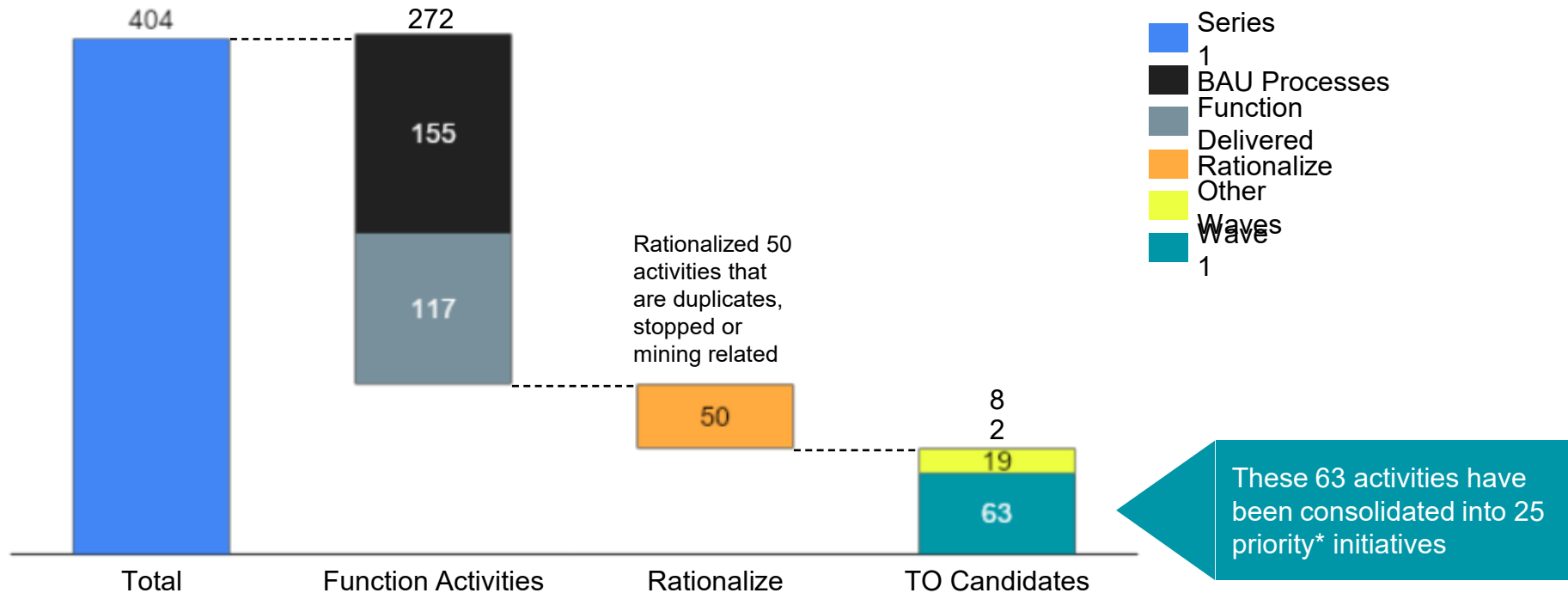
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# Transformation Office (TO): principles and objectives

- 1 Objective is to establish a **continuous improvement capability** to set Celsius up for profitable growth and meet short-term and long-term targets – and set Celsius on a path to IPO readiness
- 2 This transformation team (Operational Workstream Leads + TO) will be at the **front and center** by driving the pipeline's execution and development of new initiatives – NOT limited to process / reporting
- 3 Our focus is on **structural, sustainable initiatives** that drive **measurable operational improvement** and **financial impact** for the functions – it is NOT a one-time exercise
- 4 Besides driving productivity initiatives within the functions, the transformation team will also lead the solutioning and execution of **cross-functional initiatives** beyond functional boundaries
- 5 We will **partner** and work closely with functional **results owners** / LT members as well as **initiative owners** within the functions (hybrid model)

We have reviewed 404 activities and identified 82 candidates to be delivered by TO, which are being validated with functions

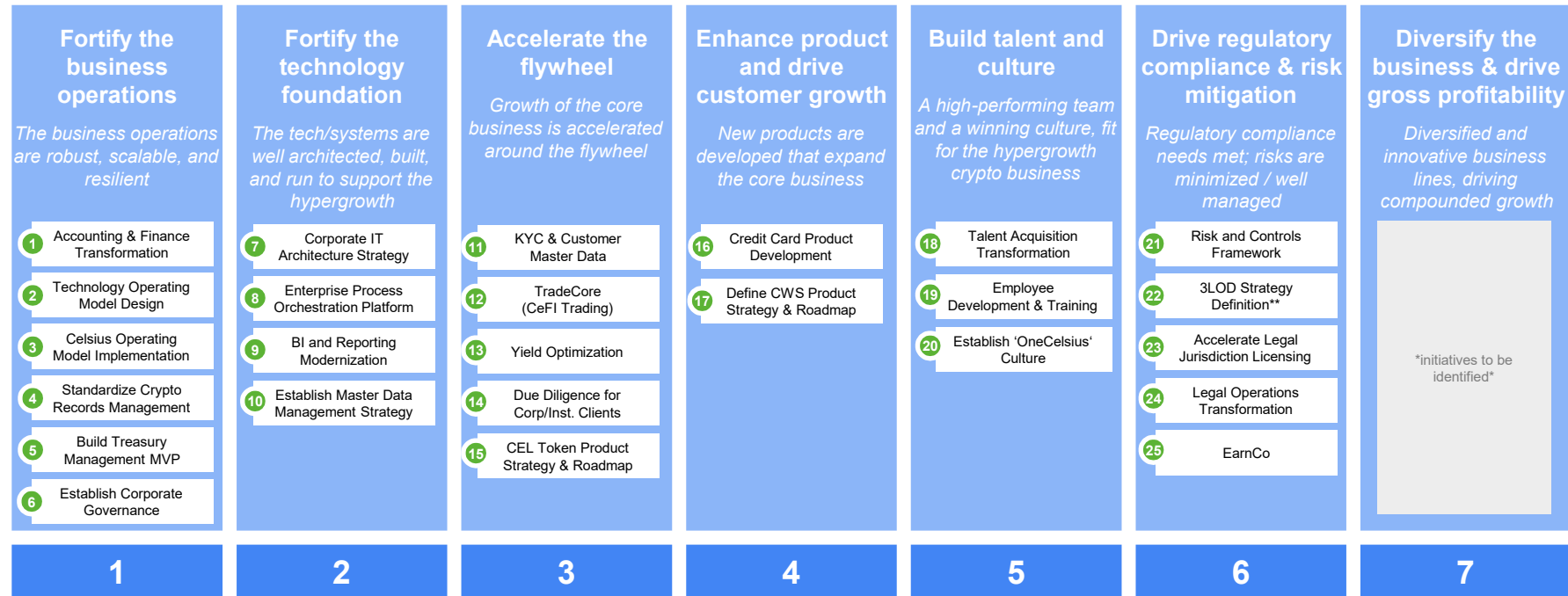
### Phase 1 Project Assessment and Subsequent Steps



\* - validation exercise with functions is in flight and expected to be complete by end of April

# We are in the process of bringing 25 priority initiatives under the Transformation Office governance, several of which already active

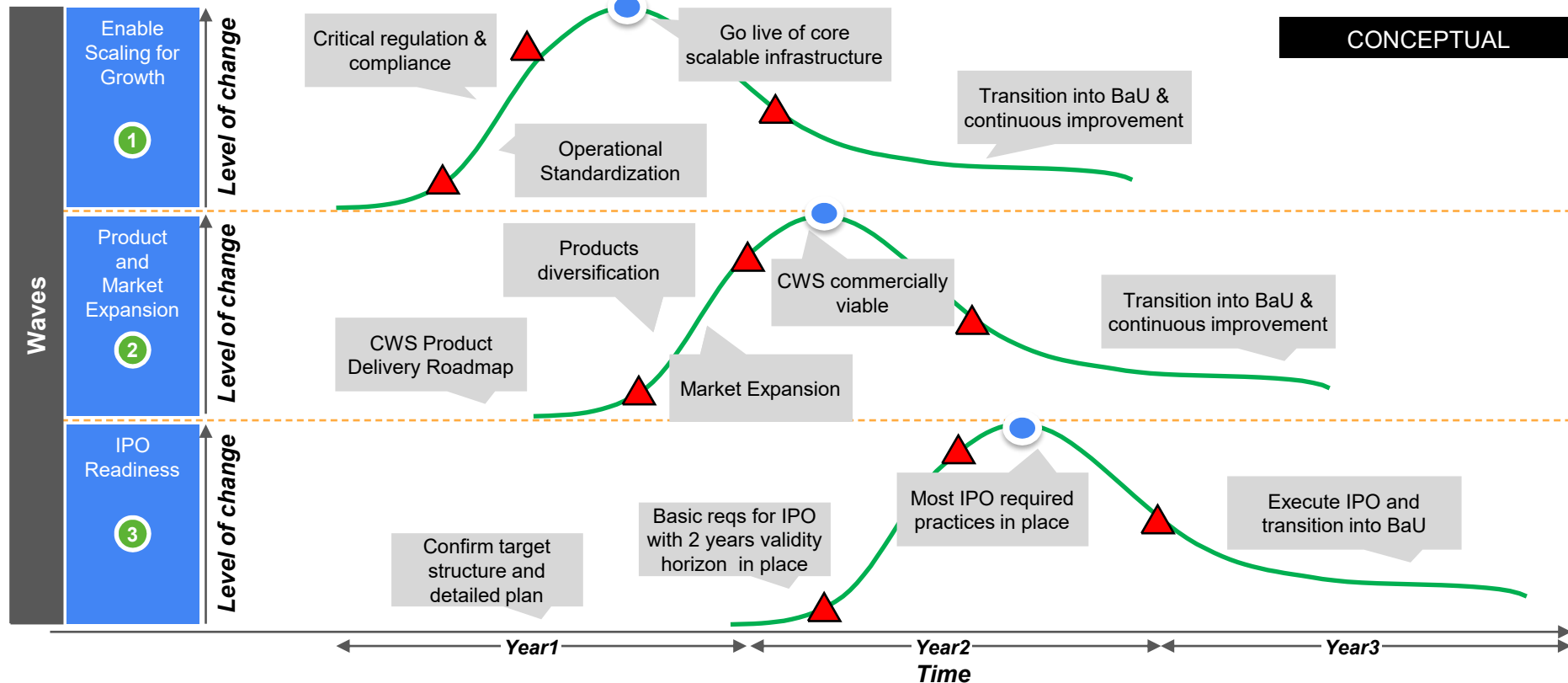
## Strategic Pillars



Note - Consolidated projects above link to approximately 50 project line items in consolidated project portfolio

\*\* - indicates new initiative not directly linked to existing projects

# We foresee the transformation effort to be multi-year and to positively impact the organization through progressive waves of change



- Major Stage Gates



- Peak Change Management Activity



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# Core infrastructure needs significant improvements to maintain business continuity, on top of what achieved since investment date

**Our core infrastructure is at early stage of maturity and needs significant improvements to maintain business continuity ..**

- 1. Core Infrastructure was not prioritized** as historical focus was on webapp and front-end creating architectural constraints with scaling
- 2.** There is **no overarching Enterprise Architecture** and manual workarounds have led to fragmented and complex systems infrastructure with significant technical immaturity
- 3.** We have **too many applications incl. data feed** (around 142) and **most of them are immature**, disconnected, **not scalable** and not used fit for purpose
- 4.** The current applications have **varying level of maturity** but especially big **gaps in Lending, Risk, Finance, Audit, Pricing Engine, Marketing** etc.
- 5.** **Limited SME capacity to advise the business and product owners** on what to build and feedback prioritized requirements - Engineering has islands outside of engineering

**.. however, we have made many decisions since the investment date**

## Accounting & Finance ERP

Quickbooks



Netsuite

## Crypto Finance Operations

Hedge Guard



Lukka + Bitwave

## HR Operations

BambooHR



SuccessFactors

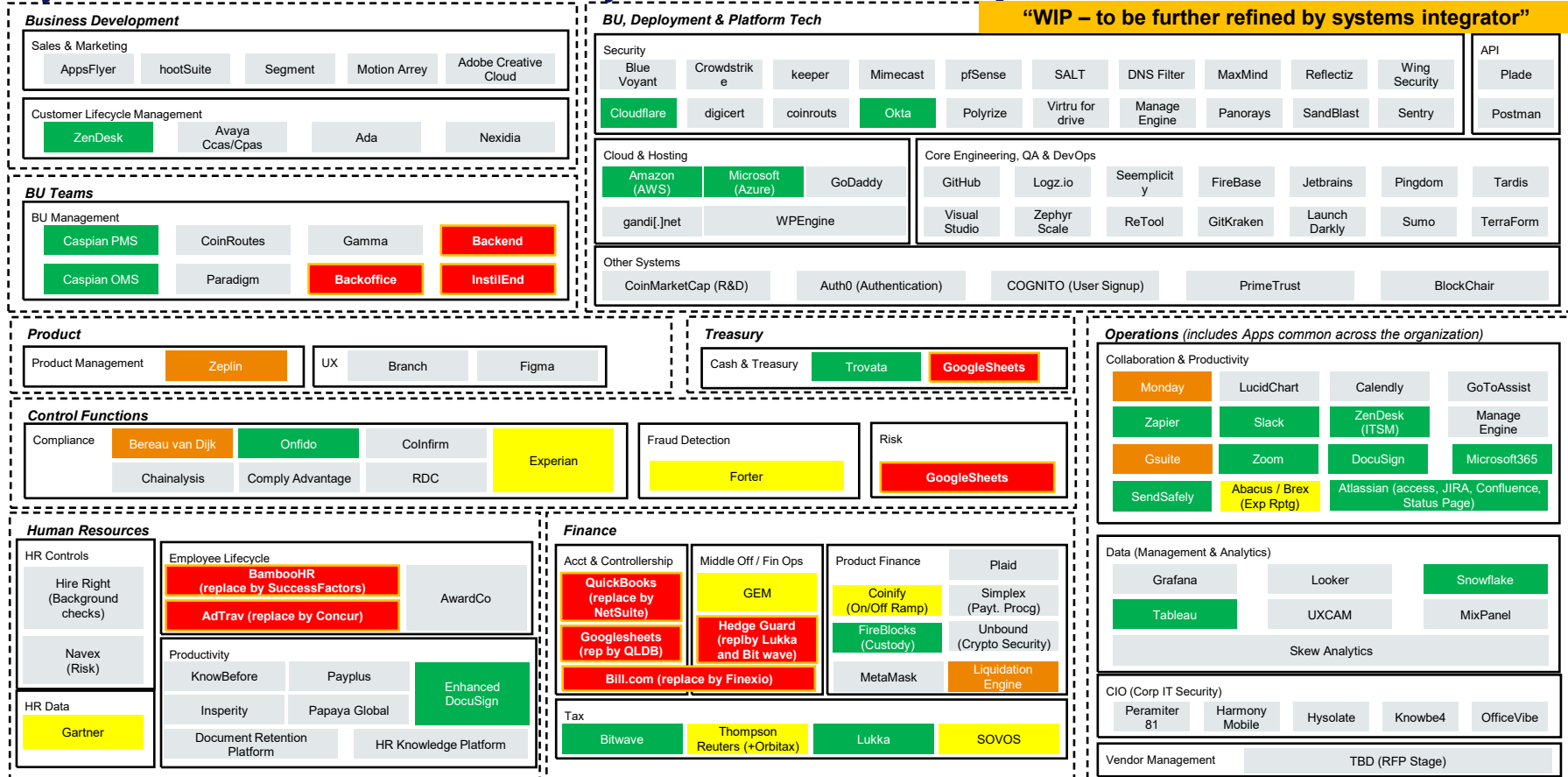
## Cryptographic General Ledger

Siloed  
Transactions DBUnified  
Transactions DB

## Trading and Yield Management

Manual  
Trading DeskEnterprise  
Trading Desk

# Systems / data feed inventory and initial maturity assessment



Innovative and best practice, solution capable of meeting business requirements

Solution meets current requirements and can potentially scale to future growth requirements but may need some enhancements

Not an enterprise solution and workarounds in place to meet current requirements

Does not meet current and future requirements and needs to be replaced

Assessment In-progress

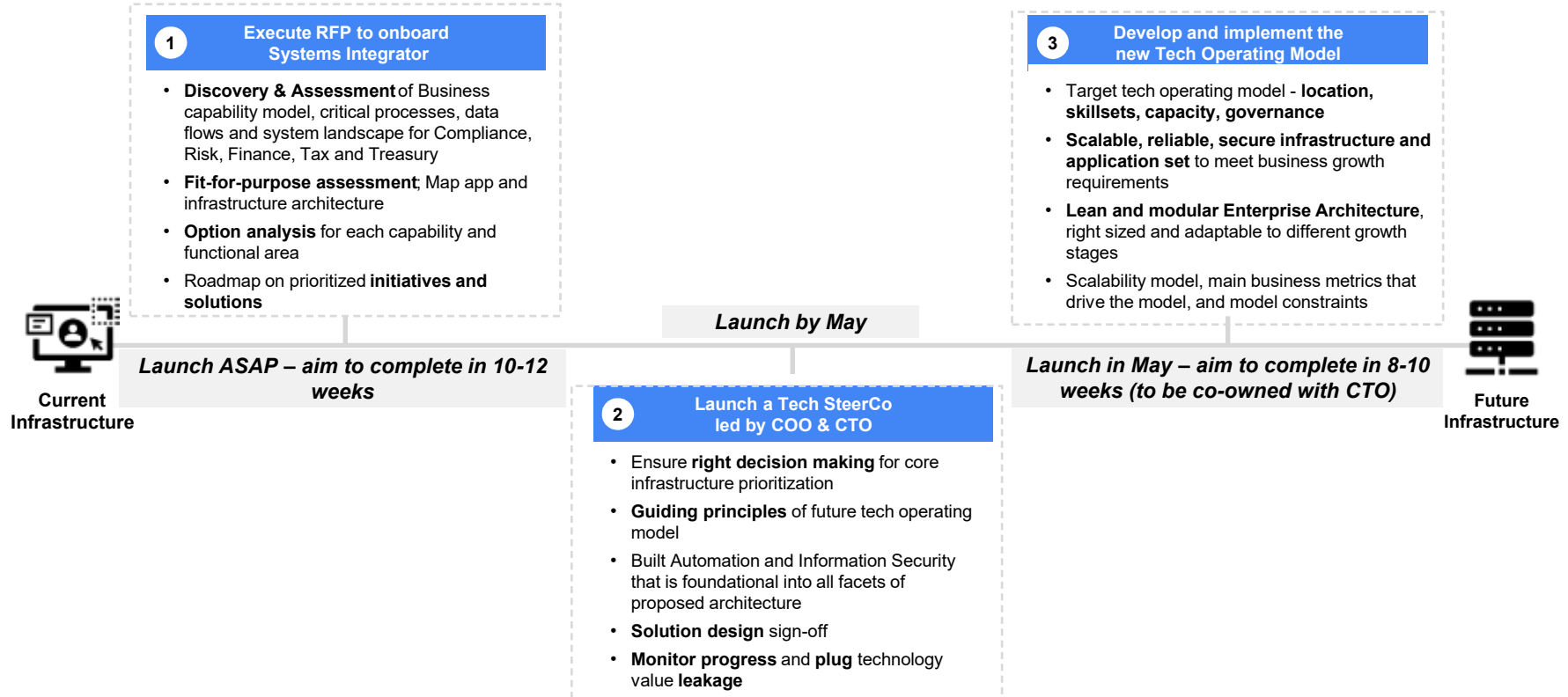
System identified for replacement

## Detailed view of ongoing improvement activities

		Project	Project Description	Enhancement for Celsius Network
Book of Work	Core Infra Upgrade	<b>Systems upgrade for Accounting</b>	Modernization of accounting & finance processes and systems with a third-party vendor (Netsuite)	To enable us produce reliable balance sheet and coin counts
		<b>Document Management</b>	Centralizing document mgmt for different departments	Streamline contracting and improve legal process compliance
		<b>KYC Vendor selection</b>	Integration with the application and backend systems	Ability to onboard more clients in more jurisdictions
		<b>Zendesk</b>	Streamline internal workflows for CustomerSuccess and CRM Teams	Provide better visibility for business enablement and sales process
		<b>Getting TradeCore operational</b>	Operational Implementation of Execution Order Management System	Automated Reporting from data feeds to enable business decisions and future regulatory reporting
		<b>OTC Desk</b>	Setting up data base for OTC activity	De-risking OTC desk activity
		<b>Starting balance</b>	Exposing APIs to transactional data	Providing an accurate image of past financial activities
	Data	<b>Customer 360</b>	Enabling a full customer view by connecting all interaction data across the customer journey	Enriching customer data with third-party providers Insight driven customer intelligence platform using ML/ DL
		<b>Celsius Transaction Ledger / GL</b>	Building a source of truth transaction ledger that holds all Celsius transactions and normalizing datasets	Improved modeling and reporting capabilities by establishing a uniform transactional entry model eliminating silos Enable a true starting balance for our third-party tax providers and general ledger and ERP systems
		<b>Personal Identifiable Information (PII) Vault</b>	Introduce data workflows on services level to comply with the rules of engaging with PII data	Insuring compliance with international privacy regulation
		<b>Snowflake DWH</b>	Storing all the Celsius data in a centralized place to enable a powerful platform to get insights	Combining transactions, trading and external data etc. to get powerful insights to offer superior customer experience
		<b>Automated Looker Dashboards</b>	Building automated dashboards with streaming data	Providing business intelligent insights and visibility for Exco, departments, stakeholders to make data backed decisions
		<b>Data Governance</b>	Establishing data governance, master data mgmt., data lineage and data protection	Increased compliance and data auditability



# We already identified immediate next steps for executing our plan





# Governance

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Ron Deutsch  
General Counsel



# Governance: Topics to be discussed

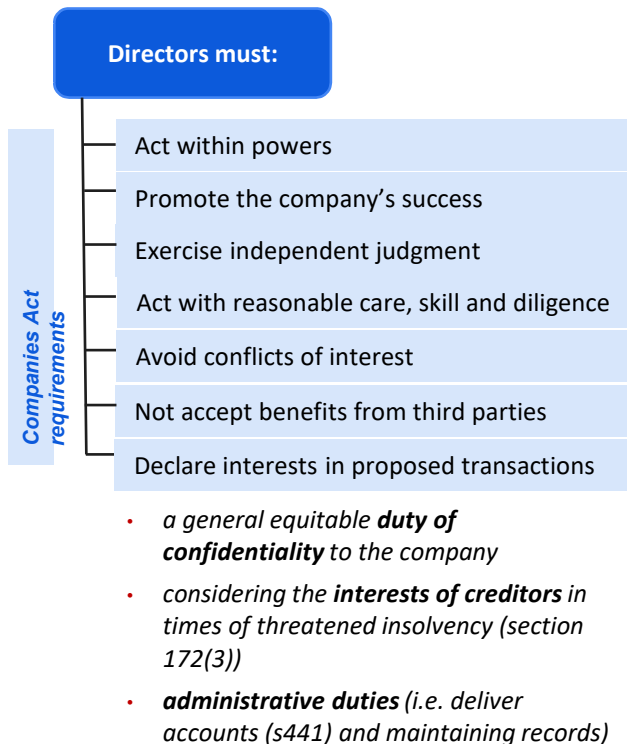
Subjects we will be covering today include:

- Fiduciary Duties Overview
- D&O Indemnification
- Additional Board Procedures
- Org Chart
- Officer Appointments
- Committee Governance
- Subsidiary Governance



# Fiduciary Duties

## GENERAL DUTIES OF DIRECTORS UNDER THE *COMPANIES' ACT* (UK)



### Consequences of breach of duty

- If the company suffers loss because of a director's breach of duty, that director may be **personally liable** to compensate the company
- **Reputational damage** to the director
- **Disqualification** – director may lose ability to act as a director or be involved in certain company activities for *up to 15 years*
- **Derivative action** – Shareholders can sue a director for breach of duty in the company's name, although this is difficult in practice

### Possible defenses

- The director was **specifically directed** by shareholders
- Shareholders are made aware of the breach and **ratify** the act of the director (unless it was unlawful)
- The court grants the director **relief from liability** because of the director's honest / reasonable conduct or the circumstances involved





## Current Coverage:

- Total Limit: \$7.5M
- Retention (Deductible): \$1.5M
- Premium: just over \$1M
- Form: ABC sides of coverage
  - Side A – protects D&Os if the company is unable or unwilling to indemnify for a covered claim
  - Side B – standard D&O coverage for the Company for its indemnification of its D&Os
  - Side C – coverage for Celsius for security-related claims (relevant for a future IPO of Celsius Network Limited)

## Renewal strategy:

- Total Limit Target: \$15M
- Working with Marsh to arrange; retention and premiums subject to negotiation/availability
- A dedicated Side A policy will be required this year in contemplation of the addition of the independent director
- The Company is also seeking an endorsement to cover liability related to a Celsius Mining roadshow



# D&O Indemnification: Protection for Directors

Indemnity	D&O Insurance
<ul style="list-style-type: none"> <li>The Companies Act allows a company to indemnify its directors <b>against liability to third parties</b> for negligence, default, breach of duty or breach of trust</li> </ul> <p>Companies <b>CANNOT</b> indemnify directors against:</p> <ul style="list-style-type: none"> <li>Actions brought by <b>the company itself</b></li> <li><b>Fines</b> imposed in <b>criminal proceedings</b></li> <li><b>Costs</b> of <b>defending criminal proceedings</b>, where judgment is given against the director</li> <li><b>Penalties</b> imposed by <b>regulatory bodies</b></li> <li>Liability in connection with an <b>application for relief</b> which the court refuses to grant</li> </ul>	<ul style="list-style-type: none"> <li>Companies are permitted to take out Directors' and Officers' ('<b>D&amp;O</b>') liability insurance to cover directors for liability arising out of their role as directors</li> <li>D&amp;O cover <b>protects a director's personal assets</b> if claims are made against him or her</li> <li>Criminal penalties and sanctions are <b>uninsurable</b> but legal or investigative costs incurred in defending a prosecution may be covered</li> <li>Fund D&amp;O insurance for directors</li> </ul>
Funding defense costs	Funding regulatory proceedings
<ul style="list-style-type: none"> <li>A company can make a <b>loan</b> to its directors or help them to avoid incurring expenditure to meet the costs of <b>defending a criminal or civil proceeding</b> arising out of their role as directors</li> </ul> <p>Shareholder <b>approval of such a loan is not required</b></p> <ul style="list-style-type: none"> <li>The loan must be <b>repaid</b> if:             <ul style="list-style-type: none"> <li>The director is convicted in the proceedings</li> <li><b>Judgment</b> is given against the director</li> <li>The court <b>refuses to grant relief</b> on the application</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A company can make a <b>loan</b> to its directors or help them to avoid incurring expenditure to meet the costs of defending themselves against:             <ul style="list-style-type: none"> <li>An <b>investigation by a regulatory authority</b> or</li> <li><b>Action proposed to be taken by a regulatory authority</b></li> </ul> </li> <li>Shareholder <b>approval of such a loan is not required</b></li> </ul>



Articles of Association (Section 28):

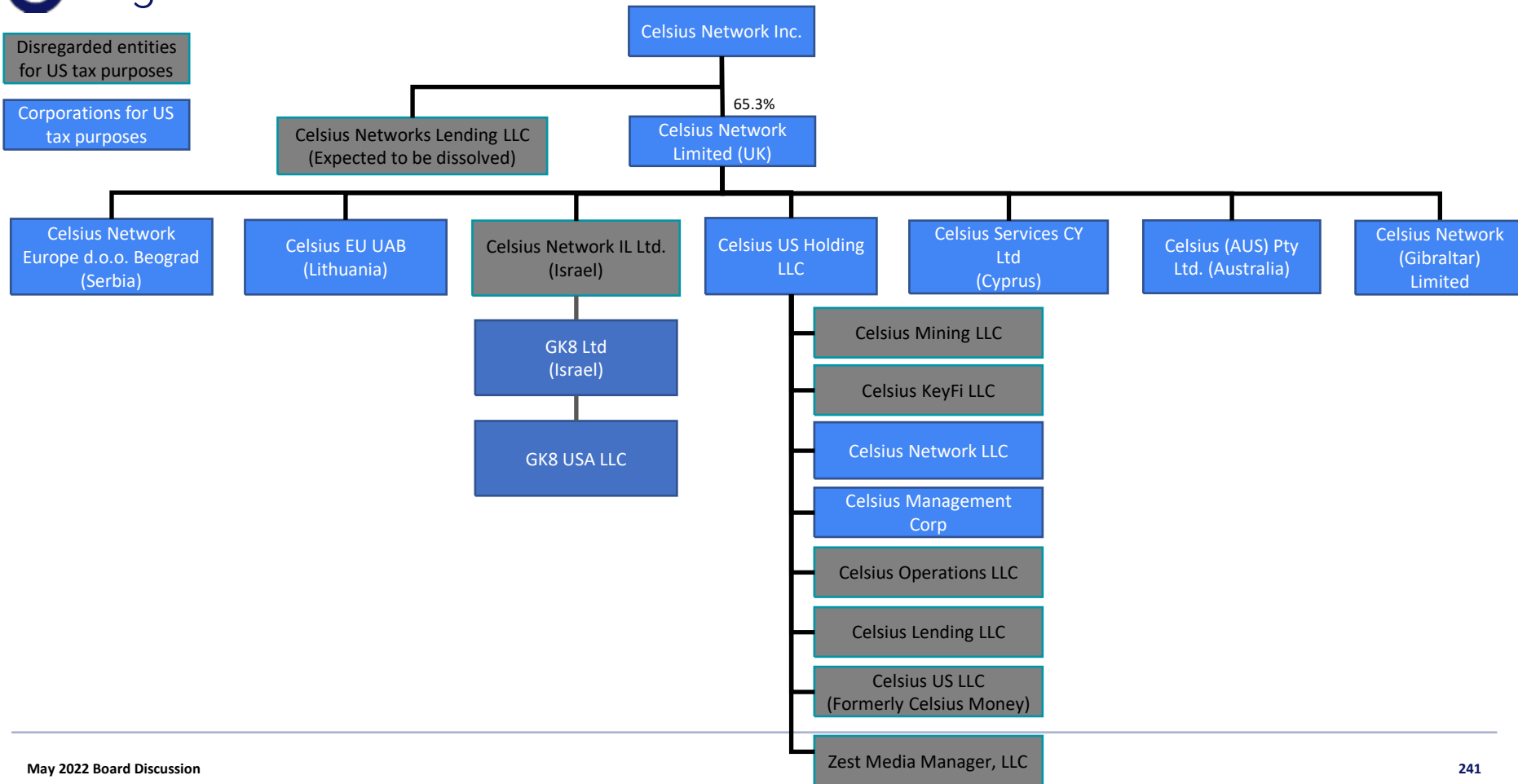
**“Each relevant officer of the Company shall be indemnified out of the Company’s assets against all costs, charges, losses, expenses and liabilities incurred by him/her as a relevant officer in the actual or purported execution and/or discharge of his/her duties, or in relation to them including any liability incurred by him/her in defending any civil or criminal proceedings, in which judgment is given in his/her favor or in which he/she is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his/her part or in connection with any application in which the court grants him/her, in his/her capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company’s affairs”**

- The Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him/her in connection with any such proceedings or application and otherwise may take action to enable any such relevant officer to avoid incurring such expenditure
- Deed of Indemnity to be entered into between the Company and each relevant director and officer; the Deed expands on the indemnification provision contained in the articles and related mechanisms



## Additional Board Procedures

- Any director may call a board meeting on no less than 5 business days' notice
- Notice must include an agenda and copies of all papers to be discussed
- Matters not included in the agenda may not be discussed at the meeting
- Any director (other than an alternate director) (Appointor) may appoint any person to be an alternate director to exercise the Appointor's powers, and carry out the Appointor's responsibilities, in the absence of the Appointor. A person may be appointed an alternate director by more than one director
- A director who is also an alternate director is entitled, in the absence of his/her Appointor(s), to a separate vote on behalf of each Appointor (provided that an Appointor is an eligible director in relation to that decision), in addition to his/her own vote on any decision of the directors
- A director who is in any way interested in (i) a proposed transaction with the Company, or (ii) a transaction which was previously entered into by the Company, shall declare the nature and extent of his/her interest to the other directors before the Company enters into such transaction or as soon as practicable thereafter, as the case may be





- On March 22, 2022, the Board appointed the following individuals as officers of the Company, to hold office until their resignation or removal with immediate effect or from the date each such person began acting in such office, as applicable:

Name	Office
Alex Mashinsky	Chief Executive Officer
S. Daniel Leon	Chief Strategy Officer
Rod Bolger	Chief Financial Officer
Roni Cohen Pavon	Chief Revenue Officer
Aslihan Denizkurdu	Chief Operating Officer
Ron Deutsch	General Counsel, Head of M&A and Secretary
Oren Blonstein	Chief Compliance Officer and Head of Innovations
Tushar Nadkarni	Chief Growth & Product Officer
Trunshedda Ramos	Chief Human Resources Officer
Rodney Sunada-Wong	Chief Risk Officer
Guillermo Bodnar	Chief Technology Officer
Tal Bentov	VP of Lending
Shiran Kleiderman	Chief Security Officer



# Board and Management Committee Governance

- Once the independent director joins the Board, the Board may choose to form certain subcommittees, including (i) an Audit Committee; (ii) a Compensation Committee; and (iii) a Nominating and Governance Committee
- The Company currently has several management-level committees, including Executive, Risk, Conflicts, Assets & Liabilities
- Each management committee may adopt a charter and related policies which, if and when adopted, will be presented to the Board for review
  - Risk Committee Charter and Outside Business Interest policy have been prepared
  - Conflict of Interests Committee Charter is being prepared
  - Formation and functions of each committee, once approved by the chair of each committee, will be presented to the Board for review



- Each subsidiary has its own board of directors or managers (Alex Mashinsky and S. Daniel Leon in most cases), except for the following:
  - Celsius Network Limited (UK) – Alex Mashinsky, S. Daniel Leon, Lawrence A. Tosi
  - Celsius Network Europe d.o.o. Beograd (Serbia): Alex Mashinsky, S. Daniel Leon, Nikola Gavrilovic (and soon to be added – Nemanja Lazic)
  - Celsius EU UAB (Lithuania) – Alex Mashinsky
  - GK8 Ltd (Israel) – Alex Mashinsky, S. Daniel Leon, Roni Cohen Pavon
  - Celsius Services CY Ltd (Cyprus) – S. Daniel Leon
  - Celsius (Aus) Pty Ltd (Australia) – Brendan Thomas Gunn
  - No director has been appointed:
    - Celsius management Corp
    - Zest Media Manager, LLC
    - GK8 USA LLC
    - Celsius Operations LLC





# Risk

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Rodney Sunada-Wong  
CHIEF RISK OFFICER

Agenda:

# Risk Management

**A** Risk Organization

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**B** Risk Policy

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**C** Post-mortem Update

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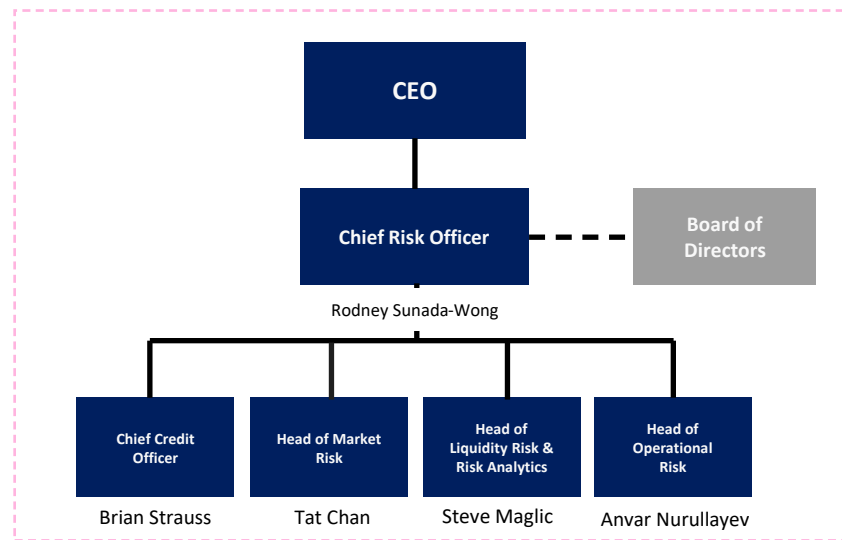
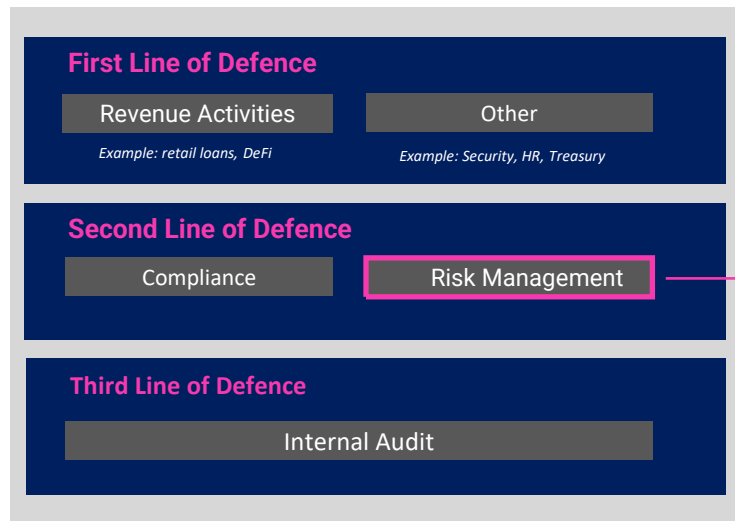
**D** Key Risk Areas

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## Risk Management's *Mission Statement*: To serve as a trusted advisor to help the firm

- Achieve its strategic goals
- Facilitate informed risk-reward decision-making
- Avoid unacceptable risks





## Primary Risk Types Covered

### Credit Risk

- Definition:  
Possibility of a loss resulting from a **borrower's failure to repay a loan or meet contractual obligations**
- Management Approach:
  - Initial and ongoing credit reviews
  - Credit exposure limits
  - Collateral requirements
  - Internal ratings

### Market Risk

- Definition:  
Possibility of losses in our positions arising from **movements in market variables like digital asset prices and volatility**
- Management Approach:
  - Initial & ongoing reviews across Defi and Exchange strategies
  - Risk limits
  - Allocation diversification
  - Ongoing Monitoring

### Liquidity Risk

- Definition:  
Possibility of being unable to **meet payment obligations timely** or unable to do so at a **sustainable cost**
- Management Approach:
  - Liquidity framework
  - Risk limits
  - Monitoring of liquidity needs
  - Scenario stress testing

### Operational Risk

- Definition:  
Risk of loss resulting from **inadequate or failed internal processes, people, and systems or from external events**
- Management Approach:
  - Risk event analysis
  - Risk register and risk assessment process\*
  - Monitoring of KPI/KRIs\*

*\*to be implemented*

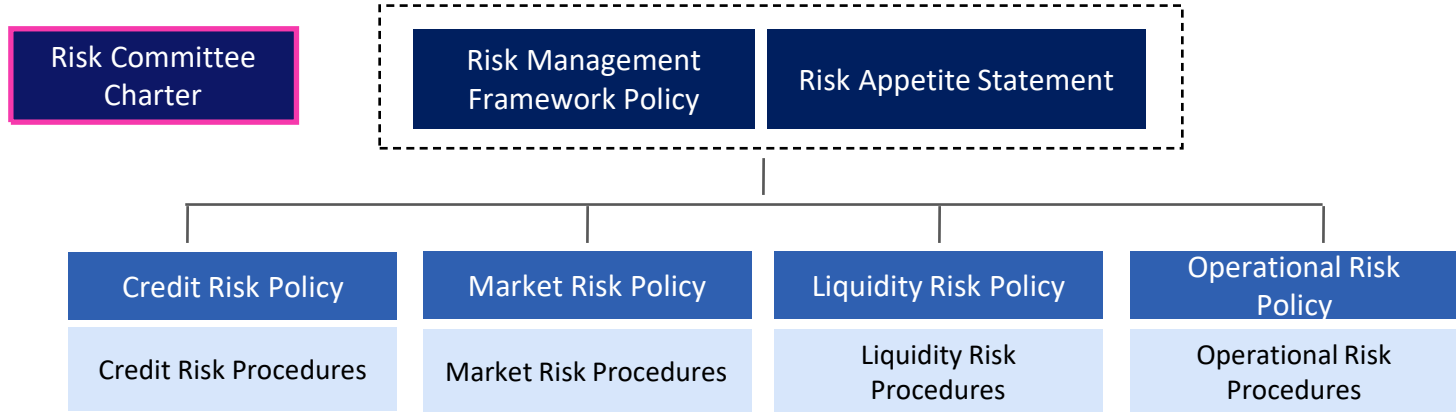


- ✓ Promoted a Risk Culture and “three-lines-of-defense” framework
- ✓ Established robust partnerships with business and control functions to provide “effective challenge”
- ✓ Established essential risk management capabilities (controls, limits, risk reporting, processes)
- ✓ Strengthened the Risk Committee; Facilitated formation of the ALCO, Treasury, and Audit functions

Credit Risk	Market Risk	Liquidity Risk	Operational Risk
<ul style="list-style-type: none"><li>Onboarded 26 clients, declined six</li><li>Re-underwrote entire institutional portfolio; conducted 60+ Credit DD reviews; downgraded 14 counterparties; upgraded one</li><li>Refined risk rating methodology and revamped limit structure; added notional and tenor limits</li><li>Managed high-risk client exposures closely e.g., EFH, Tether</li></ul>	<ul style="list-style-type: none"><li>Established DeFi strategy evaluation framework (conducted 50+ reviews) &amp; exposure monitoring</li><li>Developed Exchange Traded Strategies position &amp; limit monitoring framework</li><li>Developed Retail Liquidation analytics &amp; playbook</li></ul>	<ul style="list-style-type: none"><li>Drove, designed, and built Liquidity Risk Framework in collaboration with Treasury</li><li>Established and maintaining daily liquidity reporting and management process</li><li>Performed ad hoc analysis to facilitate business decisions e.g., wBTC, staking, EarnCo</li></ul>	<ul style="list-style-type: none"><li>Defined Operational Risk Framework</li><li>Established Risk Event intake process</li><li>Partnering with business and control functions to enhance the control environment e.g., Compliance, Security, DeFi</li><li>Rollout of Outside Business Activities (OBA) policy</li></ul>
<ul style="list-style-type: none"><li>Began development of risk infrastructure, additional risk reporting (Market, Credit), and report automation</li><li>Established risk metrics and profitability tools (Expected Loss, Economic Capital, RAROC), prototype deployment team pricings tool</li></ul>			



# Risk Policy: Landscape and Hierarchy



## LEGEND:

*Presenting for Board approval today*

*Board level document*

*Document in development*

*Risk Committee level document*



# Risk Policy: Risk Committee Charter (Board Approval Requested)\*

B

## Select Key Responsibilities / Mandate:

- Review and recommend to the Board approval and adoption of the **Risk Management Framework** and **Risk Appetite Statement**
- Approve **operational risk, credit risk, liquidity risk and market risk policies**
- Review **significant risks** that Celsius faces and **monitor remediation initiatives**
- Review proposals for **major risk infrastructure, process or resourcing enhancements** (e.g., Technology, Policy, People and Vendor)
- Monitor adherence to the Company's Risk Policies, risk appetite, risk limits and exposures and **take actions with respect to breaches or violations**

## Members

Chief Risk Officer (Chairperson)	General Counsel	VP of Lending
Chief Revenue Officer	Chief Security Officer	Chief Financial Officer
Chief Operating Officer	Head of Operational Risk	Head of Liquidity Risk & Risk Analytics
Chief Technology Officer	Head of Market Risk	
Chief Credit Officer	Chief Compliance Officer	

## Example Agenda

- Key decisions (e.g., a policy approval)
- Progress towards key risk management initiatives
- Operational Risk Events
- Credits Risk, Market Risk and Liquidity Risk Metrics
- Limit breaches
- Emerging risks

## Escalation

Board of Directors

\* Please refer to the appendix for the link to the charter



## Summary

A number of control failures resulted in significant losses in January.  
Risk Mgt conducted a review to assess and improve processes and controls across the impacted areas.

### Thematic observations

		1 Exchange Traded Strategies	2 Mining	3 Special Situations and Strategic Investments
A. Controls	Failure of existing controls (e.g. limits) or lack of controls.	✓	✓	✓
B. Communication	Failure of multiple communication channels to enable decision making	✓	✓	✓
C. Governance, Roles & Responsibilities	Lack of governance and unclear roles and responsibilities	✓	✓	✓
D. Infrastructure and Data Quality	Poor data quality and inadequate infrastructure to enable effective decision making	✓	✓	✓





## 1 Exchange Traded Strategies

- Developed robust limits framework for Cash & Carry strategy: \$100MM limit with view to scale to >\$500MM. Working with desk on methodical rebuild of strategies, with robust systems, P&L reporting, and adherence to limits

## 2 Mining

- Providing analyses (e.g., NPV, Free Cash Flow projections) to facilitate informed decision-making e.g., return on investments in rigs, lending to mining companies
- Communication: weekly meetings with mining team to share key information / insights
- Clarification of roles and responsibilities for hedging activities (strategy vs execution)

## 3 Special Situations & Investments (SSIA)

- In the process of establishing a cross-functional governance taskforce \*
- Working with business and Finance to confirm current population of investments and assign ownership/accountability



# Key Risk Areas Managed by Risk Team

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D

Risk	Key Concerns	What has been done	What remains to be done	Applicable Risk Category
<b>Concentrated De-peg Risk</b>	<ul style="list-style-type: none"> <li>Systemic exposure with Celsius systems hardcoding stablecoins at \$1</li> <li>Wrapped / bridged coins e.g. stETH, bETH</li> </ul>	<ul style="list-style-type: none"> <li>Initial assessment of systems' capabilities to float stablecoins</li> <li>Requiring the listing of UST to be a non-stable stablecoin</li> <li>Partial limits on long stablecoin positions</li> </ul>	<ul style="list-style-type: none"> <li>System architecture changes to enable floating of stablecoins</li> <li>Active monitoring of depeg risk via Early Warning Indicators</li> <li>Complete and refine limits on long stablecoin positions</li> </ul>	<b>Market Risk</b> <b>Operational Risk</b>
<b>Mining</b>	<ul style="list-style-type: none"> <li>De-Risking of Mining exposure</li> <li>Exposure to Miners via advanced payments for rigs; loans to Miners</li> </ul>	<ul style="list-style-type: none"> <li>NPV and Free Cash Flow analysis for management</li> <li>Clarification of roles and responsibilities for hedging activities</li> </ul>	<ul style="list-style-type: none"> <li>All new investments should undergo NPV / Free Cash Flow analysis</li> </ul>	<b>Operational Risk</b> <b>Market Risk</b> <b>Credit Risk</b>
<b>EFH</b>	<ul style="list-style-type: none"> <li>Distressed borrower; workout situation</li> <li>Large concentrated exposure</li> </ul>	<ul style="list-style-type: none"> <li>70% Loan Loss Reserve</li> <li>Setoff loans vs collateral owed to Celsius</li> <li>Regular monthly amortization; dollarized ~30% of total exposure; weekly meetings with EFH CEO</li> </ul>	<ul style="list-style-type: none"> <li>Dollarization of additional tranches</li> <li>Shorten tenor</li> <li>Obtain financial statements</li> </ul>	<b>Credit Risk</b>
<b>Institutional Lending</b>	<ul style="list-style-type: none"> <li>Portfolio too concentrated among top 5 borrowers</li> <li>Wrong-way risk (Tether, FTX/Alameda exposure)</li> </ul>	<ul style="list-style-type: none"> <li>Working with business to diversify exposures; approved 26 new counterparties</li> <li>Reduced exposures to Alameda via increasing collateral, reducing loans</li> <li>Reduced Tether exposure via improved docs, lower collateral, repayment of loans</li> </ul>	<ul style="list-style-type: none"> <li>Finalize multi-sig arrangement with Tether</li> <li>Continue to partner with BD team to onboard / diversify new clients</li> <li>Continue to actively manage exposure profile of loan book</li> </ul>	<b>Credit Risk</b>
<b>Risk Analytics Infrastructure</b>	<ul style="list-style-type: none"> <li>Insufficient risk analytics and reporting infrastructure to adequately quantify risks and support business decisions</li> </ul>	<ul style="list-style-type: none"> <li>Built Liquidity Risk Framework and ongoing reporting</li> <li>Established basic Market Risk report</li> </ul>	<ul style="list-style-type: none"> <li>Continued analytics and reporting buildout (Credit, Security, economic capital)</li> </ul>	<b>All</b>



# Key Risks Managed / To be Managed by Other Teams

Risk	Considerations	Status
<b>Communication &amp; Reputational Risk</b>	Establish processes to avoid: providing misleading information in public forums conflicts of interest (business interests, CEL and non-CEL crypto trading, securities trading)	To be Managed
<b>Business Continuity</b>	Enhance business-continuity-planning, encompassing systems, processes and people to ensure broad geographic coverage for 24/7 and preparedness for contingencies (e.g. outages, disruptions)	Partially Managed
<b>Crypto Winter Hedging</b>	Opportunistically implement a Crypto-revenues vs. Fiat-expenses "Crypto Winter" hedging program	On Hold due to efficacy
<b>Strategy Risk / Execution Risk</b>	Clearly establish / delegate ownership, technological resources and accountability to ensure successful implementation of strategic projects (e.g. Custody, Credit Cards, EarnCo, etc.)	Transformation underway
<b>Financial Discipline</b>	Prior to deployment / making investments, perform fulsome analysis of investment thesis and the risk/reward trade-off	New process is being created
<b>Infrastructure</b>	Invest in Trading/Risk/Finance and data quality infrastructure to ensure complete and accurate financials, valuation, capture and monitoring of the positions	Infrastructure being created
<b>DeFi Security Risk</b>	Continue to invest in resources and tools to prevent hacks given persistent external security events, evolving sophistication of cyber attacks	Managed



## Framework, Governance, and Risk Infrastructure

- Refine Risk Management Framework
- Establish Risk Appetite Statement
- Finalize capital and risk-adjusted performance reporting
- Create origination and portfolio management tools
- Collaborate with Treasury to enhance Asset Liability Management capabilities

Credit Risk	Market Risk	Liquidity Risk	Operational Risk
<ul style="list-style-type: none"><li>• Establish limits for Exchanges</li><li>• Framework for collateral requirements and haircuts</li><li>• Incorporate risk-adjusted metrics into Institutional Loans</li><li>• Scenario-based stress testing of credit exposures</li></ul>	<ul style="list-style-type: none"><li>• Establish holistic risk reporting and limit monitoring framework across all trading activities</li></ul>	<ul style="list-style-type: none"><li>• Enhance FTX &amp; Deribit liquidity risk and reporting capabilities</li><li>• Develop “business as usual” scenarios</li><li>• Ensure adequate EarnCo liquidity</li></ul>	<ul style="list-style-type: none"><li>• Identify Top Operational Risks</li><li>• Streamline Operational Event Intake</li><li>• Develop Operational Risk Reporting</li><li>• Targeted training on Operational Risks</li></ul>



# Risk: Appendix



## Stablecoins are both critical to growth and liquidity of digital asset arena, while simultaneously posing a systemic risk in the event of a depeg

### Landscape:

- Centralized Stablecoin: Tether (USDT)
  - Market Cap \$83Bn
  - Opaque reserves with hedge funds positioning in event of depeg. Tether has committed to providing greater transparency, but not a timeline.
- Algorithmic Stablecoins: Terra (UST)
  - Market Cap: ~\$18Bn, Limit \$175MM, to increase with enhanced monitoring)
  - Under-collateralized, enjoying growth from subsidized yields (~19.5%). Recent efforts to fortify reserves (e.g., with BTC) positively received, with risk from potential cascade of declining yields, depletion of reserves, and exit from UST

### Celsius Systems risk - Risk mitigation is in progress to address system limitations / features:

- System assumes Stablecoins are fixed at \$1
- Users/counterparties may repay in StableCoin of choice (e.g., the depegged stablecoin)
- Users accrue interest based on \$1 valuation while coin may have depegged



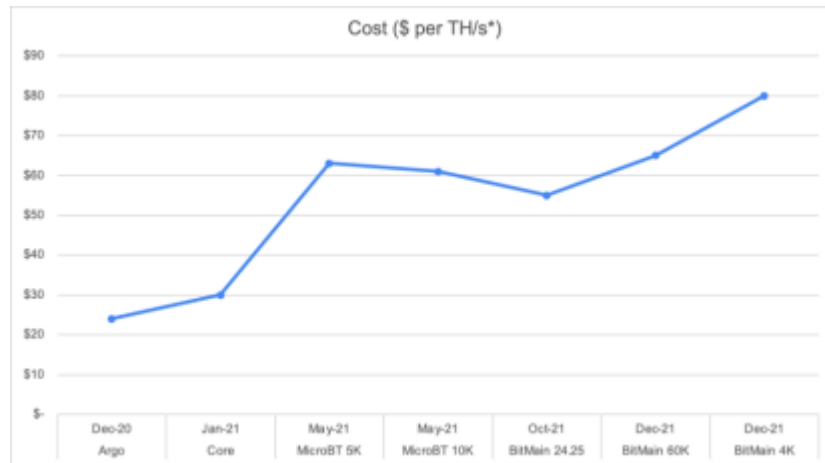
## Mandate from senior leadership to de-Risk mining subsidiary

### Landscape:

- Mining rig prices have trended upwards
- Mining industry is in a buildout race to deploy rigs, amidst competition for limited hosting
  - *The Block* estimates ~1MM ASIC rigs have been purchased for deployment

### Celsius Mining:

- There is an offer from Bitmain to sell rigs at \$62.5 TH/s
- Mining team would not invest in new rigs at current prices
- Free Cash Flow projections assume new rigs may be purchased more cheaply at <\$26 per TH/s



**Recommendation: purchase of new rigs to undergo NPV / Free Cash Flow analysis**



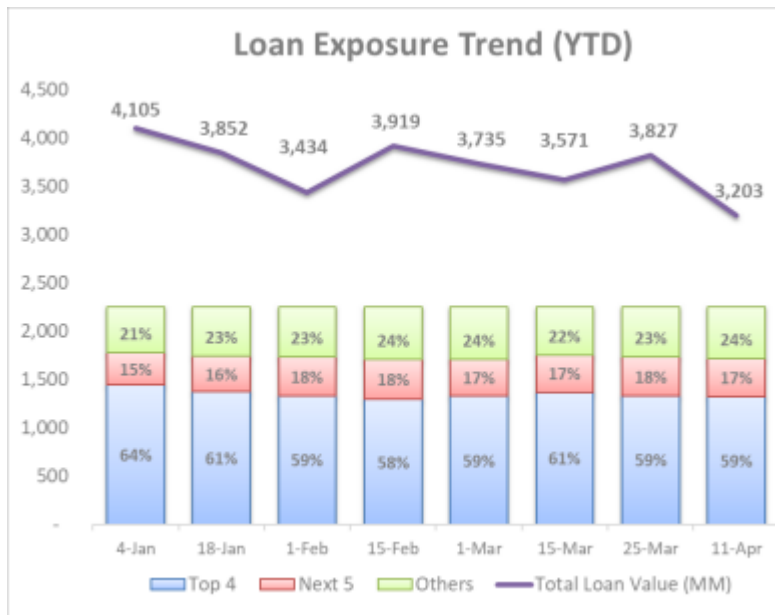
# Key Risk Areas

Concentrated  
De-peg Risk

Mining

Institutional  
Lending

## Loan Exposures and Concentrations by Institutional Loan Size



## Collateral Levels of Institutional Loans

	Loan Value	% of Total Loan	# of Clients
Fully Collateralized	\$643	20%	18
Partially Collateralized	\$1,063	33%	24
Unsecured	\$1,497	47%	26
Grand Total	\$3,203	100%	

## Liquidity Schedule of Institutional Loans

Remaining Term (Days)	MtM	% of Total MTM
Open	\$2,484	78%
14-Jan	\$10	0%
15-30	\$2	0%
31-45	\$11	0%
46-60	\$0	0%
61-90	\$68	2%
91+	\$627	20%
Grand Total	\$3,203	100%



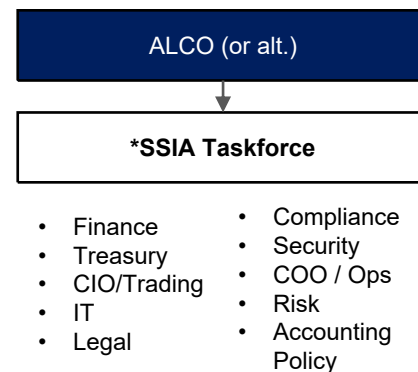


# Special Situations & Investments Approval (SSIA)

## Governance: Executive Summary

Why New Governance?	<ol style="list-style-type: none"><li>1. <b>Transparency</b> for special situations and investments outside of core mandates</li><li>2. <b>Cross-functional Subject Matter Experts (SMEs)</b> engaged prior to Celsius committing capital</li></ol>
Recommended Process	<ol style="list-style-type: none"><li>1. Establish <b>SSIA taskforce*</b> to review and approve opportunities outside of standard trading mandates and activities</li><li>2. Identify <b>accountable persons</b> to highlight such opportunities to the SSIA manager and present to the taskforce</li><li>3. Taskforce to <b>escalate for ALCO approval</b>, if required</li><li>4. <b>SSIA manager</b>, the COO team to manage end-to-end process (long term)</li></ol>
Next Steps	<ol style="list-style-type: none"><li>1. <b>Obtain ExCo's approval</b> on the proposed governance</li><li>2. <b>Risk</b> to assist:<ol style="list-style-type: none"><li>a. stand up <b>SSIA governance structure</b></li><li>b. setup <b>Confluence</b> workflow tool</li><li>c. kick-off the <b>governance process on an interim basis</b></li></ol></li><li>3. Hand-over to the <b>COO team</b> who owns SSIA governance</li></ol>

Figure 1: SSIA Proposed Governance Structure



***Fast Track Approval:***

*For opportunities <\$5MM, full taskforce review may not be required. SMEs have the discretion to opt-in/out.*



# Special Situations & Investments Approval (SSIA)

## Governance: High-Level Process

### 1. Investment Opportunity Ideation / identification

**Anyone**, especially Accountable Persons\* are responsible to identify and present an opportunity

**Key Responsibilities:**

- Notify the SSIA manager of the opportunity
- Present the opportunity to the SSIA taskforce

**Accountable Persons\*:**

- ExCo members, incl A Mashinsky, R Pavon
- Deployment: R Sabo
- DeFi: G Van Wingerden
- Retail Lending: T Bentov
- Innovation: O Blonstein
- Mining: A Ayalon
- Others\*\*

### 2. Review and Approval

A cross-functional taskforce to review and approve opportunity after considering all relevant risks

**Key Responsibilities:**

- Assess the opportunity for economics and risks, and complete due diligence in the SSIA tool
- Approve (with conditions, if any), Reject or recommend for ALCO Approval or other designated escalation committee
- For opportunities <\$5MM, SMEs have the discretion to opt-in/out to perform the due diligence

**\*\* Any SSIA taskforce member, e.g. Legal, Treasury, etc who becomes aware of such opportunities should notify the SSIA manager**

### 3. Ongoing Monitoring Post Execution

Ongoing monitoring of investment performance/ hedging, corporate actions, issues not identified during SSIA, lessons learned

**Key Responsibilities:**

- Escalate any issues / changes from the original approval post execution to the SSIA Manager

SSIA Manager / Coordinator

**SSIA Manager's Key Responsibilities:**

- Owner of the SSIA Taskforce governance, meetings and SSIA workflow tool
- Escalate any material issues to ALCO or other designated escalation committee



[Link to the charter](#)



# Security & IT

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Shiran Kleiderman  
CHIEF SECURITY OFFICER



# Executive Summary – Security as a Business Enabler

## **The Security & IT Department:**

- Multidisciplinary team
- Built like a bank + military grade
- Tight-knit collaboration with all departments

## **The Threat Landscape:**

- DeFi security is a hot space - detailed due diligence and testing are needed, 24-7
- COVID as a catalyst for cyber attacks
- Crypto as a sanctions evader
- Asymmetric cyber warfare has just started

## **Risk Statement & Risk Mitigation Activities:**

- Access control and data protection improvements needed in a fast paced and multibranch setting

## **Regulatory Compliance & Certifications Status:**

- ISO 27001, Privacy, Business Continuity - Completed
- PCI level 3 - Completed
- SOC 2 in the process, will be complete during Q4 22
- Training, policies/procedures, enforcement - part of our DNA

## **DeFi Protocol & Platform Security:**

- Proactive security assessment process
- Saddle D4 pool example flow and deliverables
- CelsiusX security and ongoing activities
- Badger remediation - completed

## **Client Coin Recovery:**

- \$50M plus recovered in the past year
- Automated platform and process in place

## **Gas Fees Optimization & Savings:**

- \$9M on a yearly basis, \$100k's already saved

## **Client Referral Abuse/Fraud Savings:**

- Anomaly mitigation engine saved \$1M during 2021 and we expect to save \$2M more during 2022



# Executive Summary – Security as a Business Enabler

## Strengths

**1.Celsius is positioned to scale and continue to strive security, IT and operationally wise**, in the evolving crypto/financial sector

1.The Security & IT department has established deep and rooted foundations and capabilities in everything Celsius does as a company, including its various subsidiaries ;  
**“Fullstack” Security & Productivity**

1.We have a global and multidisciplinary group that addresses the current and future needs (**CWS**) of the company, while everything is built for scale and military grade

1.We understand the threat landscape/scenarios, and constantly analyze them. In turn, our security controls are fit to address and mitigate these threats

## Key Improvement Points

1.Refine access controls to sensitive data - as new personnel/roles join the company

1.Improve Back Office/client data protection and encryption

1.Automate fund related transactions and operations, in order to remove human error

1.Remove dependency and increase redundancy in the custody domain (see GK8 acquisition)



## Cyber Readiness and Prevention →

Commanding view across the organization, and a clear picture of our internal and external threat maps.

Security by Design & DNA, Client Focused Protection.  
Zero Significant Incidents.



# Department Structure & Strategy



\*Multidisciplinary team: blockchain, cyber security, cryptography, asset mng, financial skills and expertise ;

\*Built like a bank, large enterprise, military grade security and command skills

## Security Strategy & Activities for Key Pillars:

1. People
2. Process
3. Technology

Total # of People: 40  
Total at EOY 2022: 47

- 1st and 3rd party security assessments, surveys, due diligence
- Ongoing penetration tests and “**measurement**”
- **World class asset and data protection** - MPC (multi party computation), Secret Sharing, Data & Asset Integrity Monitoring
- **Prevention-first mindset, with ongoing 24/7 monitoring and hunting**
- Adaptive yet strong security controls
- Secure development, delivery, production
- **Client-focused security and service - employees and external clients**





# The Crypto Threat Landscape

**In the past 18 months,  
\$6,214,251,000 lost in ~119 incidents**

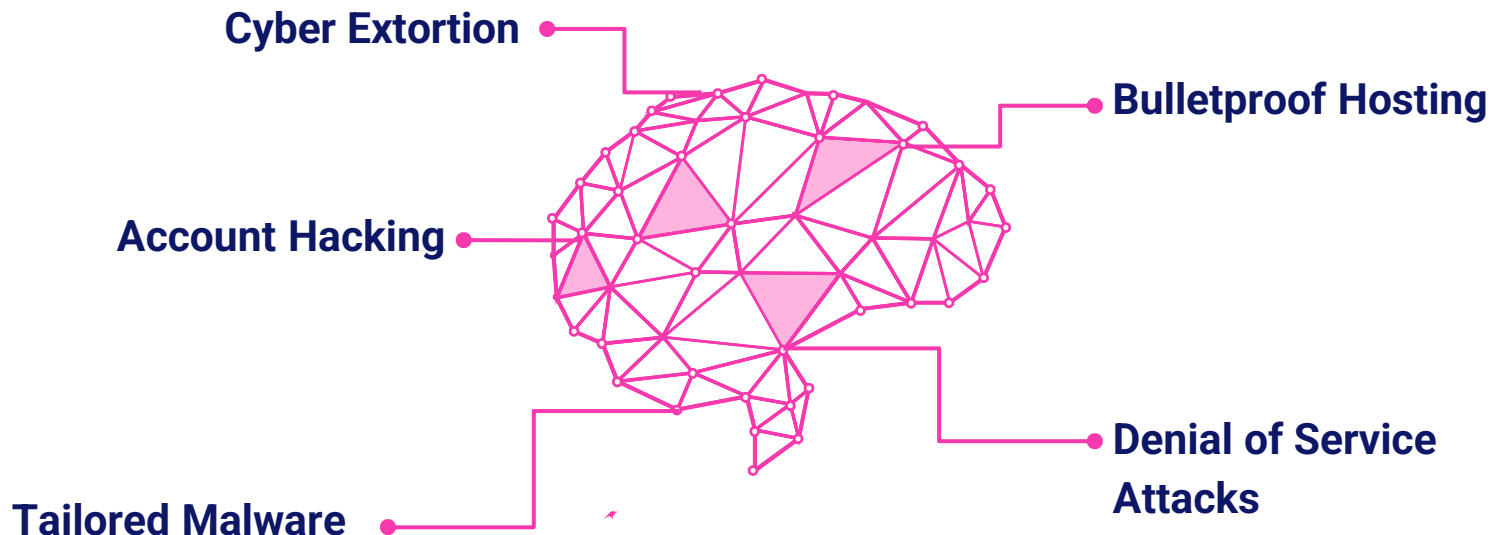
Exchanges went through  
the same learning curve  
until 2020

DeFi	CeFi & Exchanges
101 Attacks	18 Attacks

- Cream Finance (DeFi protocol) was hacked twice in two months during 2021
- Value (DeFi protocol) was hacked 3 times during 2021
- Aug 2021, Bilaxy Exchange's hot wallet was compromised, \$450M were stolen
- Feb 2022, Wormhole, Solana's bridge, was manipulated into crediting 120k ETH as having been deposited on Ethereum, allowing for the hacker to mint the equivalent in wrapped Wormhole ETH on Solana



**“Everything as a Service,”  
Barrier of Entry is Low,  
Attacks Launched Easily**





# Current Cyber Security Threat Climate

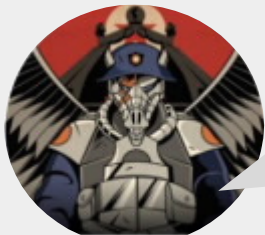
1. More and more threat groups and criminal organizations are founded and funded → developing tailor made hacking tools
2. Covid is a catalyst for attacks, as the corporate perimeter/firewall has been broken and is distributed now
3. Asymmetric battlefield → “The Bazaar”
4. Russia as a “Ransomware Factory”
5. Crypto used for sanction evasion





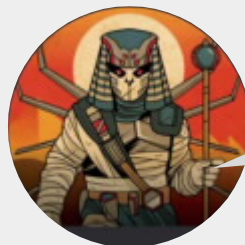
# Targeted Attacks, Finance and Crypto Sectors

- The cybercrime and attack underground is flourishing as people, tech and processes become more connected and distributed
- Time-to-market is of essence when developing and delivering new products/services, so security and quality are compromised at times (but not at Celsius)



Crypto provides North Korea with more ways to evade sanctions, given that it's harder to trace, can be laundered many times and is independent from government regulation

**STARDUST CHOLLIMA**, a North Korean criminal group.  
The group's operations have resulted in cash-outs totaling hundreds of millions of U.S. dollars.  
The group's attacks are consistently above average in their complexity and nation state funded.  
\*The Ronin Hack group.



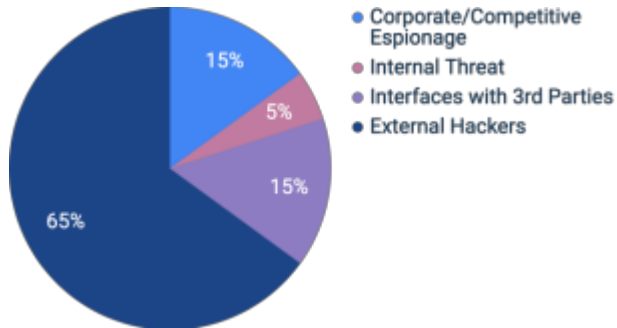
Same with Russia, crypto and alternative finance channels will be used to evade sanctions

**MUMMY SPIDER**, a Russian criminal group.  
Developed tools for credential theft from web browsers.  
The group's malware targets crypto and banking app users.  
Downloads malware to user devices, for remote access control (RAT).



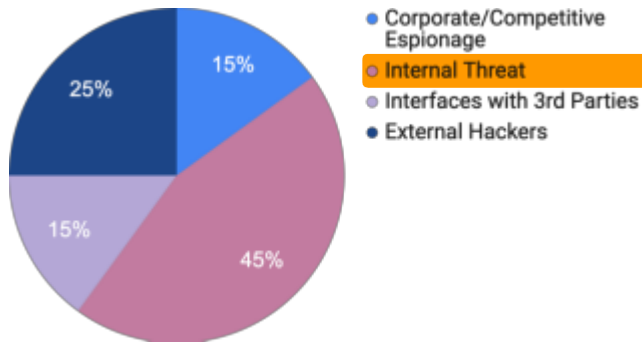
# Risk Assessment Statement & Register

## Threat Potential / Scenarios, 2020 vs 2022



### Material Risks

- Targeted attacks on high profile personnel/employees
- Targeted attacks on custodians
- Targeted attacks on sensitive data repositories
- Data leakage or loss of funds due to human intent or error

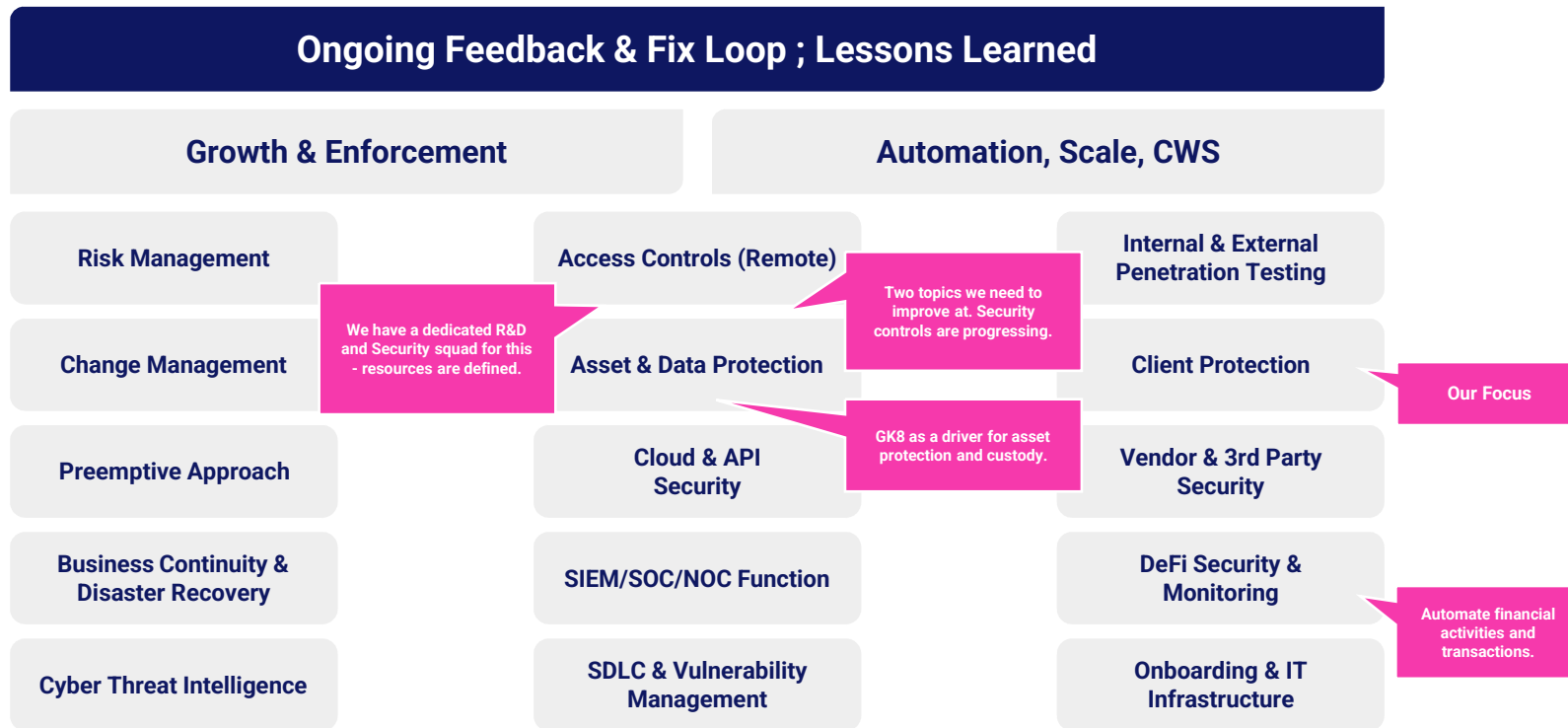


Our current focus ;  
remediation plan in place  
and advancing, done by  
end of Q2

**\*Internal Threat =  
Mainly human based  
errors**








# Key Activities & Risk Prevention/Mitigation









# Key Activities & Risk Prevention/Mitigation

Category	Description	Current Status	Next Steps	Owner/Timing
<b>Risk Management, Enforcement</b>	Risk mitigation and security enforcement across the company and the various business units → our connection with the various departments when dealing with ongoing activities and incidents		-Continue to map risks and gaps, and mitigate/enforce them -More security awareness	Security & IT / Ongoing
<b>Business Continuity &amp; Disaster Recovery</b> (Focus here is on FB, GK8)	Ensure high level of service and quick recovery when incidents occur - internal and client facing infrastructure and systems/processes		Further implement GK8 in retail environment	Tech, Security & IT / End of Q3
<b>Cyber Threat Intelligence</b>	-Proactive cyber threat intelligence, monitoring and mitigation -External landscape		Further automate the monitoring and response platform	Security & IT / Ongoing
<b>Access Controls &amp; Data Protection</b>	Control and secure access to client and corporate data		-Backoffice security project -Control of "shadow SaaS"	Tech, Security & IT / End of Q3
<b>SIEM/SOC/NOC &amp; Incident Response</b>	24/7 Security Operations Center (SOC) responsible for monitoring and reacting to events/incidents (internal, external, sectorial, global)		-Expand infrastructure and performance monitoring with the Tech department	Tech, Security & IT / End of Q3



# Key Activities & Risk Prevention/Mitigation

Category	Description	Current Status	Next Steps	Owner/Timing
<b>Secure Development Lifecycle &amp; Vulnerability Management</b>	Manage and maintain a healthy, secure and scalable product/service development lifecycle		-Better alignment between Security, Innovation, Product, R&D -SOC 2 Type 2 Certification	Tech, Security & IT / Q4
<b>Penetration Testing</b>	Ongoing measurement of our security posture (internal and external systems/vendors)		Continue with current flow	Security & IT / Ongoing
<b>DeFi Security &amp; Monitoring</b>	Ongoing security assessment and monitoring of all DeFi deployment and interaction		-Advance DeFi Hub / "Terminal 1" monitoring automation -Advance protocol coverage	Security & IT, DeFi Team, CelsiusX, Q3
<b>Employee Journey</b>	Seamless employee onboarding, offboarding and ongoing system access management and control		-Implementation of new HR system -Integrate the needed IT automation with the above	HR, Security & IT / Q4



- CERTIFICATE**

This is to certify that the Information Security Management System of

**CELSIUS NETWORK LIMITED**

1 Bartholomew Lane, London, England, EC2N 2AX

Has been assessed and complies with the requirements of:

**ISO/IEC 27001:2013**

The Information Security Management System is Applicable to IT Operations Department Related to Development and Maintenance of cloud-based platform for curated financial services that are not available through traditional financial institutions.

According to Statement of Applicability: 31.12.2020

**Initial Approval:** 26/04/2021  
**Issue Date:** 26/04/2021  
**Valid Until:** 26/04/2024

**Certificate No.:** 113992

ISO-9001 assumes no liability to any party other than the client, and then only in accordance with the agreed upon Certification Agreement. This certificate's validity is subject to the organization maintaining their system in accordance with ISO-9001 requirements for system certification. The continued validity may be verified via scanning the code with a smartphone, or via website [www.iso.org](https://www.iso.org). This certificate remains the property of ISO-9001.

**Dr. Gilad Golub**  
CEO

**Avital Weinberg**  
Director, Quality & Certification Division

**CELSIUS**  
The standards institution of Israel  
40 Cholim Lomdon St.  
Tel Aviv 61061701

Page 1 of 1

**Our Vision:** To Enhance Both Global Competitiveness of our Services, with our Uncompromised Quality and Integrity



# DeFi Security, Proactive & Preemptive Security Assessment Process

- The following is the due diligence process that we conduct on each DeFi platform/protocol before funds are deployed.
- A thorough review and approval process conducted in collaboration with Risk, Compliance and Legal.
- Due diligence scope: pre deployment, ongoing and lessons learned.



## DeFi PROTOCOL SECURITY POSTURE ASSESSMENT

- Vulnerability Scanning
- Penetration Testing
- dApp Security Assessment
- Smart Contract Functions Mapping & Audit
- Transactions Review



## DeFi PLATFORM & ENTITIES INTELLIGENCE ASSESSMENT

- Published Media Review
- Social Media Review
- Existing Litigations Review
- Entity Due Diligence:
  - Who
  - Where
  - When
- Boots on the Ground Activities



## ONGOING DeFi MONITORING

- On Chain Monitoring
- Off Chain Monitoring
- Ongoing Anomaly Detection
- Celsius Deployment Security



→ **CelsiusX is the DeFi arm of Celsius. Like all other development projects, the Security & IT department led the SDLC (secure development lifecycle) process with the CelsiusX team. Conducted activities:**

1. Code and smart contract audits
2. Pentesting of the entire flow including specific components such as the CelsiusX Command Center - pre, during and post launch
3. Production/mainnet integrity assessment report
4. Stress tests on production
5. Risk assessment for oracles, vaults, etc.- 3rd parties
6. Full monitoring in place - of all transactions, function calls (invokes), anomalies
7. Fireblocks security, policies, configurations and monitoring - ongoing and part of our routine
  - a. GK8 support as well
8. Immunefi - active external bug bounty program
9. Insurance coverage for Enzyme vault



# CelsiusX Ongoing Security Activities

**SECURITY  
ASSESSMENTS**

**PENETRATION  
TESTING**

**SMART  
CONTRACT  
DEPLOYMENT  
REVIEW**



**SMART CONTRACT  
AUDITS**

**ONGOING  
MONITORING**

**BUG BOUNTY  
PROGRAM**

GK8 as an  
additional  
asset  
protection,  
custody &  
coin support  
engine



# Badger Remediation, Key Activities

→ **The following are remediation activities and controls that were implemented/improved following the Badger incident:**

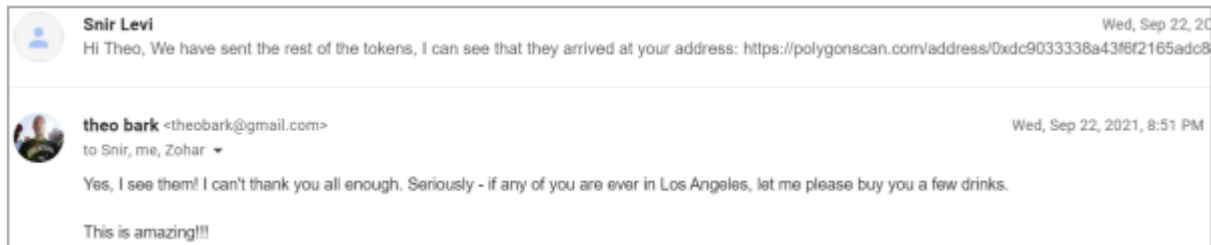
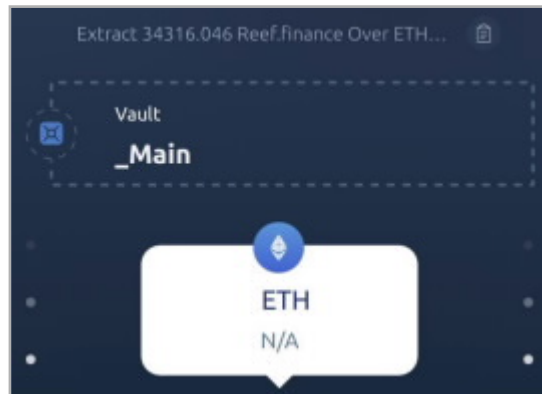
- Enhanced Fireblocks TAP (transaction authorization policy) on Celsius DeFi workspace - per new teams & structure
- New approval cap amount (wallet and coin pair) on Celsius DeFi workspace
- Revoke (ongoing) unlimited / old spend approvals from Fireblocks Celsius DeFi workspace
- Training syllabus for all traders - DeFi, CeFi & Security
- Advanced our internal DeFi monitoring platform
- Provided Badger security guidance on their platform architecture





# Coin Recovery for Clients – Automated Platform

1. **\$50M plus recovered in the past year - around 4,000 cases**
2. When clients send coins to the wrongs chains or addresses, our goal is to recover these coins for them as fast as possible (when recoverable)
3. This is a unique service that other crypto companies don't invest in or even deal with at all
4. Chains: ETH, BSC, Polygon, Avalanche, FTM, Arbitrum, Optimistic, CELO, HECO, KCC, zkSync and more
5. \$1M recovered for Bitfinex - they had a system malfunction that sent USDT over AVAX instead of ETH





## #1: \$4M on a yearly basis, \$100k's already saved

- During Q3 2021 the ETH network had an upgrade which enabled users to optimize their gas consumption and save fees
  - a. This was important, as gas fees during that time were \$10s per transaction
- The security department defined the optimal savings method that fits our architecture, which was then implemented by the tech department
  - a. Results in a saving of up to \$2 per each transaction → \$4M on a yearly basis

## #2: \$5M saved on a yearly basis

- Celsius has a sweeping algorithm in order to save on gas fees for internal transactions
- We designed a new algorithm which will result in a 9% speed increase of the sweeping algorithm and can also save more than \$5M per year by bundling various transactions



# Client Referral Abuse/Fraud; Prevention & Mitigation

1. Referral abuse can cost the company up to \$100 per case as both the referrer and the new user receive a bonus
2. After implementing our detection and blocking engine we were able to catch fraudsters before they were able to create a network/clique of 100s of users
  - a. We've had past experience with a few groups of this size
3. This engine saved ~\$1M during 2021 and we expect to save ~\$2M during 2022

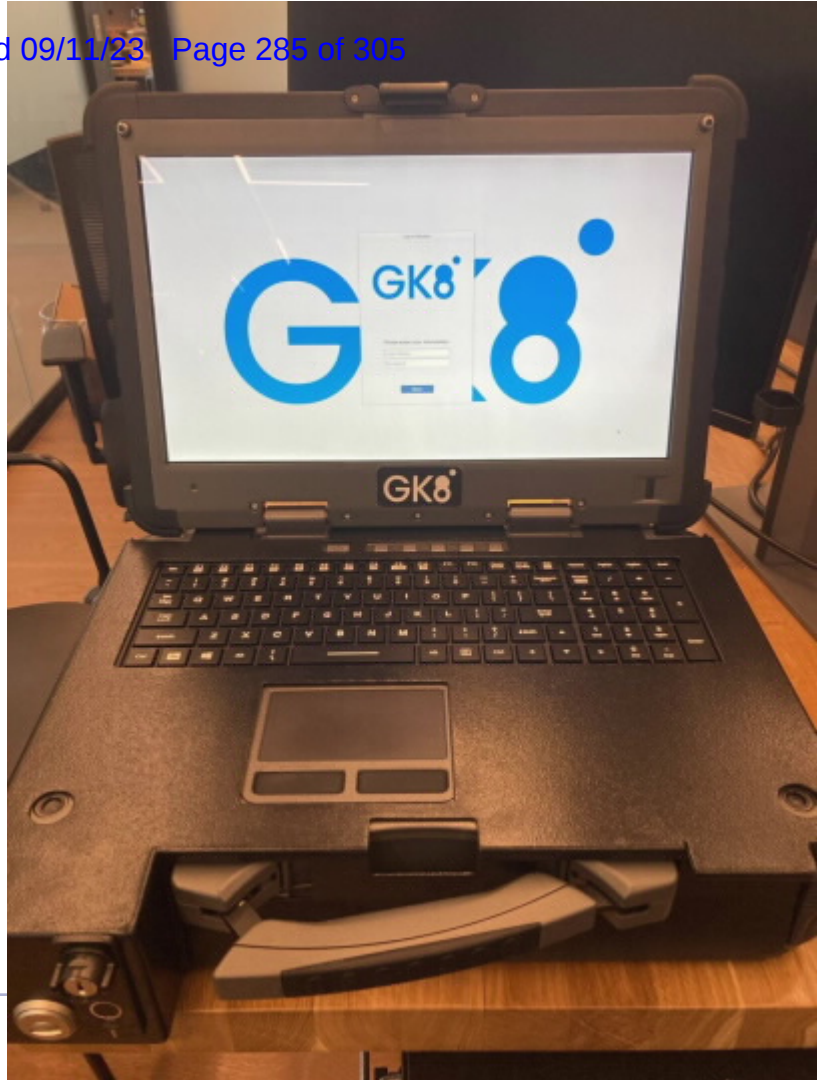




# GK8: Stability, Coverage & Continuity

## USE CASES:

1. Cold Storage + Custody (retail and institutional)
2. Retail environment and CWS API for scale
3. Fireblocks augmentation and continuity
  - a. "Multi custody motor"
4. Staking (Cold)
5. DeFi Deployment (Cold + MPC)





# Human Resources

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Trunshedda Ramos  
CHIEF HUMAN RESOURCES OFFICER



# Human Resources - Executive Summary

- 1 *2021 was a year of aggressive internal growth to meet the demands of the business and community. The business and employee headcount grew almost 10x.*
- 2 *Manual processes and a lack of clearly defined roles and responsibilities contributed to some inefficiencies, an inconsistent operations and delayed deliverables across most workstreams.*
- 3 *2022 will be focused on ensuring the right people are in the right positions with defined roles and responsibilities. The appropriate tools and systems will be invested in. (i.e. HRIS, Payroll and Performance Management)*
- 4 *Training for leaders and employees, a new performance management process and an updated compensation strategy will allow encourage improved employed effectiveness and result in an engaged workforce to support our community.*



## 2022 Becoming Best In Class - People, Processes and Tools



### Celsius Goals

Customer Growth  
Foundations for CWS  
Fortify the Business  
Strengthen Balance Sheet



### HR Vision

Develop best-in-class talent  
working together as one  
Celsius while fostering  
employee effectiveness and  
innovation



### HR Strategy Focus Areas

Performance and Talent  
Management  
Total Rewards  
(Compensation and Benefits)  
Employee Engagement



## 2022 Critical Hires



**Rod Bolger**  
CHIEF FINANCIAL OFFICER



**Guillermo Bodnar**  
CHIEF TECHNICAL OFFICER



**Aslihan Denizkurdu**  
CHIEF OPERATING OFFICER



**Chief Compliance Officer**  
Search In Progress...

## 2021 Critical Hires



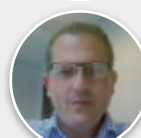
**Ron Deutch**  
GENERAL COUNSEL



**Tushar Nadkarni**  
CHIEF PRODUCT & GROWTH OFFICER



**Rodney Sunada-Wong**  
CHIEF RISK OFFICER



**Adrian Ailsie**  
GLOBAL HEAD OF BUSINESS PROCESSES  
AND CONTROLS OPTIMIZATION

## 2021 Acquisitions

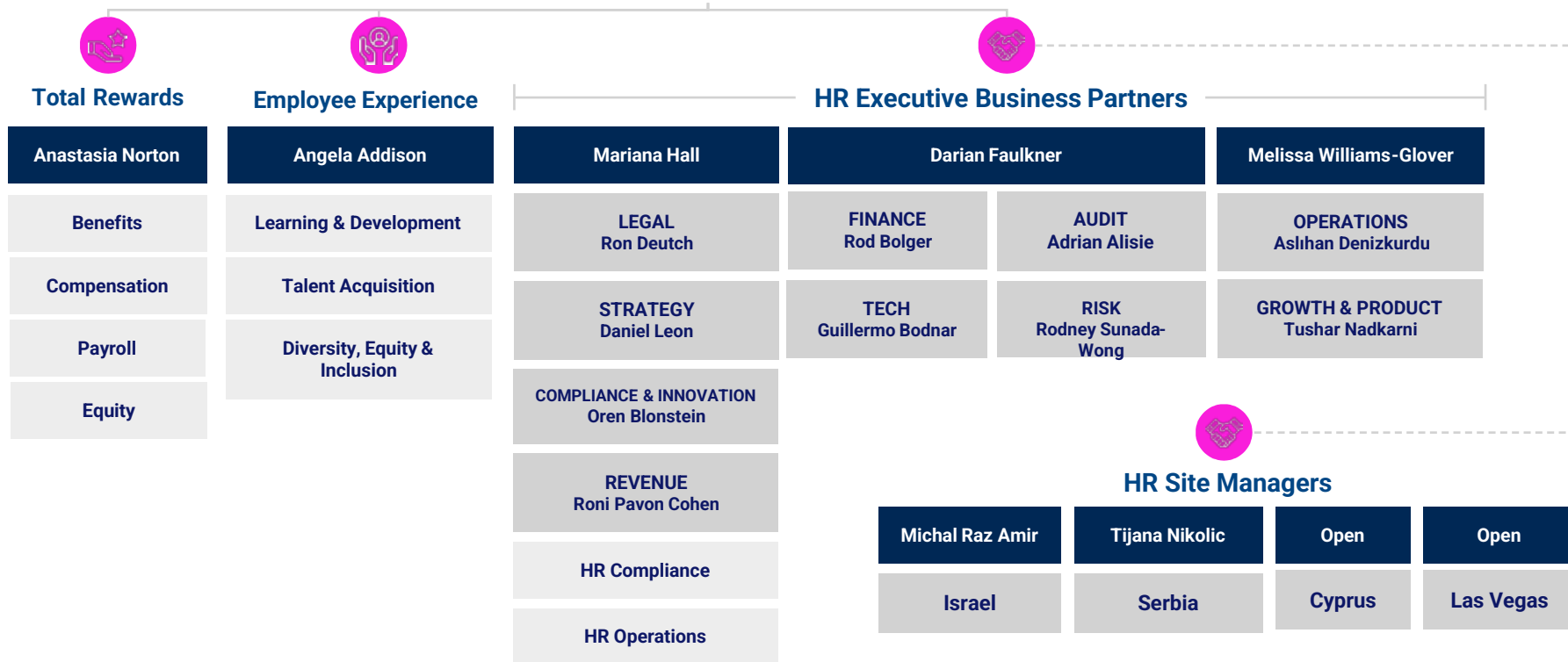
- MVP WORKSHOP a leader in blockchain product dev. acquired in June
- GK8 a leader in Crypto Custody Technology acquired in November



# Human Resources Organization Overview

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## Trunshedda Ramos Chief Human Resources Officer



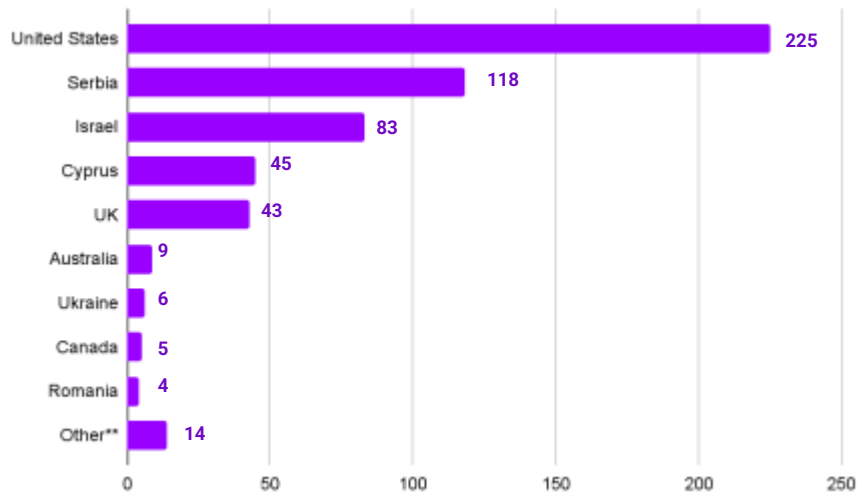


# 2021 Talent Acquisition Headcount Growth

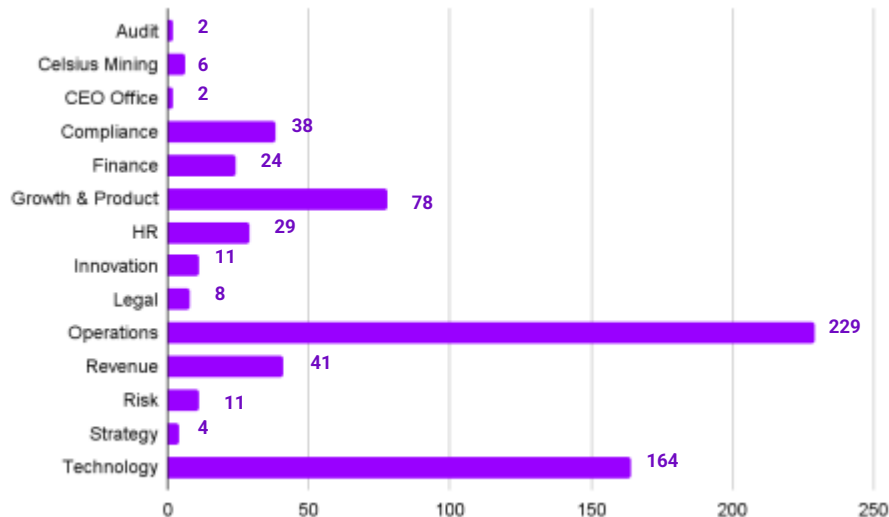


**552 Direct Hires Globally (excl. acquisitions)**

## 2021 Hires By Country



## 2021 Hires By Division



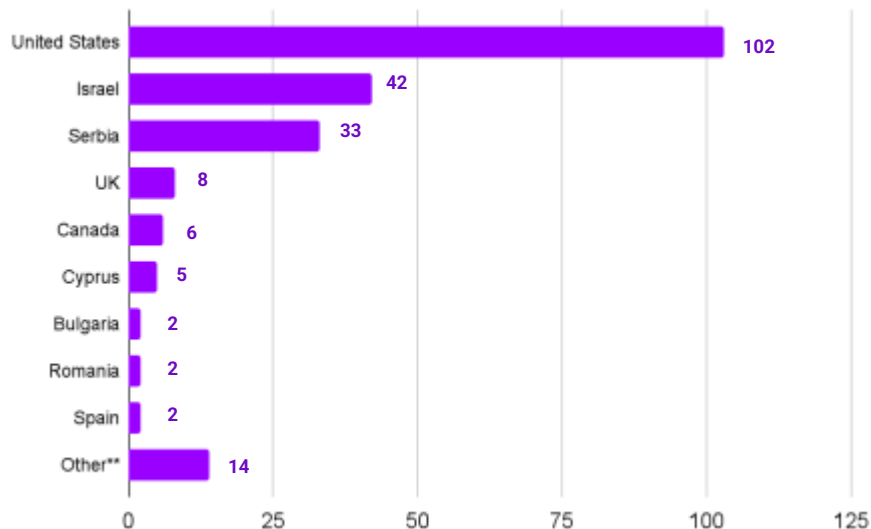


# 2022 Talent Acquisition Headcount Growth

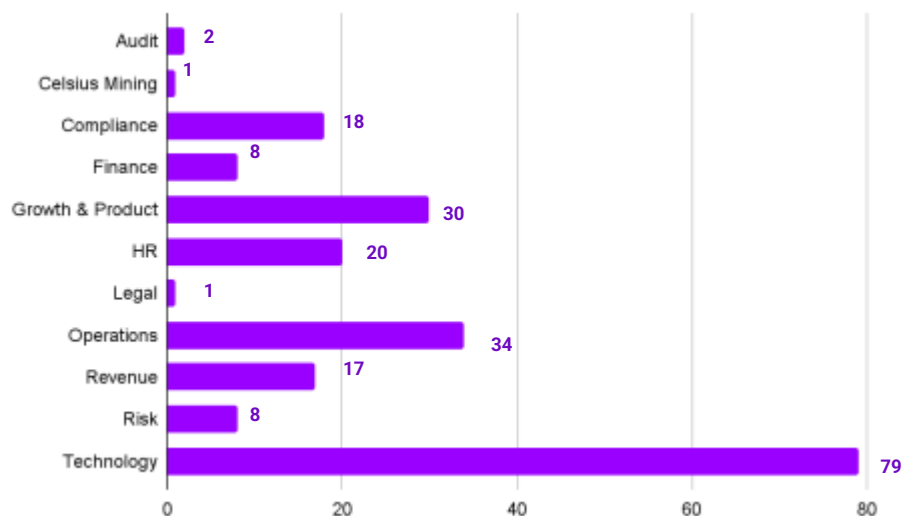


**218 Q1 Hires Globally**

## 2022 Hires By Country



## 2022 Hires By Division\*







# Headcount Dashboard



## Headcount

Q4

TOTAL **653**

FULL TIME **590**

CONTRACTOR **63**

Q1

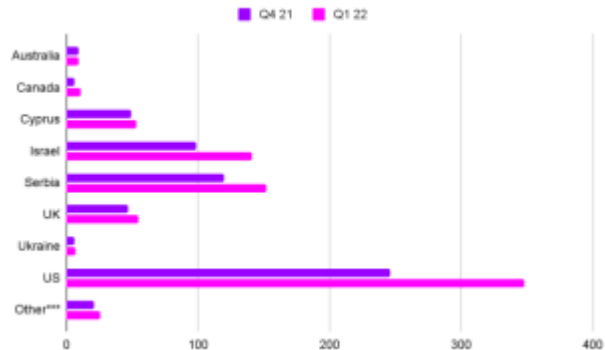
TOTAL **824**

FULL TIME **727**

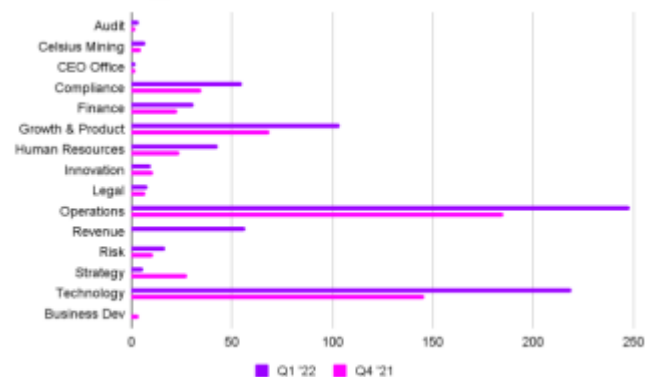
CONTRACTOR **97**



## Headcount By Location



## Headcount By Division



## Turnover

Q4

Employees **37**

Percentage

**5.6%**

Q1

Employees **40**

Percentage

**4.8%**



# HR 2022 Talent Acquisition Plan

1

## Talent Acquisition Goal

Increase quality of the Celsius workforce through strategic recruitment of critical talent and efficient selection processes.

2

## Action Plan

1. Define Critical Hires by evaluating and defining target populations
2. Develop and implement selection assessments and agile scrum hiring processes and protocols and train interviewers
3. Promote Employee Referral program
4. Build Employer of Choice brand

3

## 2022 Outcome Metrics

1. Retention rate
2. Applicant to hire ratio
3. Time to fill
4. Manager satisfaction with new hire
5. Employee Satisfaction and Productivity



2022 Headcount  
Talent  
Acquisition  
Growth & Hiring  
Plan Overview

Talent Acquisition Hiring Plan - Reduced Pace

GROWTH GOAL: 1,001 headcount (direct / indirect) by EOY 2022

TO ACHIEVE THE NECESSARY GROWTH:

SOURCE	2021 Hiring	2022 Hiring Plan Projection
In-house Recruiting	77%	70%
Agency	16%	20%
Staff Augmentation Partners	7%	10%

Increase Recruiter Productivity

Prioritize Critical Hires

Promote Employee Referral Program

Seek Passive Qualified Candidates

Assess and Manage Current Talent for Continuous Improvement or Transition



## HR Strategy Focus Area: Performance Management Philosophy

### Do Good, Do Well

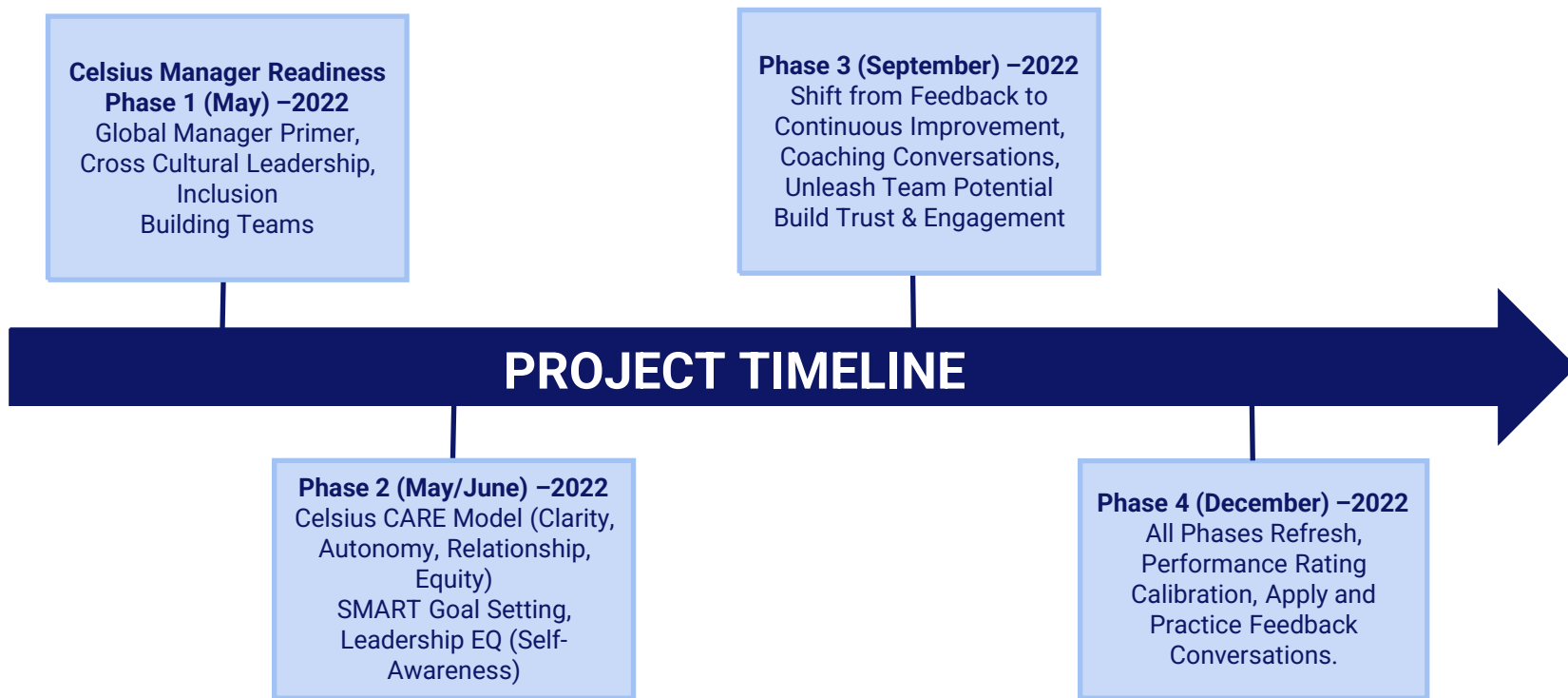
- We strive to build an organizational culture that celebrates innovation, growth, and resilience
- We believe our employees are key to our community growth and business success
- We strive to hire, develop and retain the best crypto passionate talent
- We strive to cultivate a culture of continuous feedback and open dialogue between employee and manager
- We believe performance management is a two-way commitment and not only an annual event



HR Performance  
Management Framework

Success  
Driven...Human  
Resources  
Supported

Audience			
ExCo   People Leaders   Professionals			
Ongoing Performance Activities			
Goal Setting & Core Behaviors	Managing Performance & Continuous Coaching	Employee Development Planning	Rewarding & Recognizing Performance
Performance Appraisal			
Quarterly Feedback Sessions   Annual Evaluations   Self-Assessment   Leader Assessment   Merit Recommendations   Performance Calibrations   360 Feedback   Performance Improvement Plans		Goals   Core Behaviors   Job Responsibilities   Promotion Readiness   Talent Review	
Performance Management Outcomes			
Focus on Driving Business Results   Engaging and Empowering the Workforce			





## 2021 vs 2022 Structure Comparison

## 2021

Tier	Grade	Short Term Incentive (Fiat Bonus) % of Base Salary				New CEL Comp Granted Annually – 1/3 Vests Per Year				Equity (1 Time Grant) Shares of Company			
		Comm*	CeFi/DeFi *	Corp	Tech	Comm	CeFi/DeFi	Corp	Tech	Comm	CeFi/DeFi	Corp	Tech***
1	8	50%	200%	30%	30%	40% (13.33% per year) \$100,000+ CEL (USD)				40	20	40	40
	7	40%	175%	25%	25%	35% (11.67%/year) \$75,000+ CEL (USD)				32	16	32	32
	6	30%	150%	20%	20%	30% (10.0%/year) \$50,000 - \$75,000 CEL (USD)				24	12	24	24

## 2022

Grade	Exec	Management	Indiv Con	STIP (%)	STIP (CEL)	LTIP (%)	LTIP (Phantom Stock)	LTIP (Options)
24	C-Suite			100%	3.5	250%	50%	50%
22	EVP			75%	3.0	150%	50%	50%
19		Dir II/Sr. Director		40%	1.75	75%	65%	35%
16			Principal I	20%	0.50	50%	75%	25%



## Cap Table Summary

Name	Ownership
Celsius Network Inc.	<b>58.159%</b>
WestCap Celsius Co-Invest 2021, LLC	<b>7.504%</b>
Tether International Limited	<b>5.452%</b>
CDP Investissements Inc.	<b>4.262%</b>
WestCap SOF Celsius 2021 Aggregator, LP	<b>4.262%</b>

## Outstanding Equity Overview

Total Equity in Carta	<b>22,502</b>
Available in Carta	<b>11,345</b>
Upcoming Resolution	<b>7,702</b>
Carta minus Resolution	<b>3,643</b>
Reserved for ExCo CCO	<b>350</b>
Reserved for ExCo CIO	<b>350</b>
Promised (Est. as of 3/31)	<b>2,023</b>
<b>Est. Total Remaining</b>	<b>920</b>





# HR Strategy Focus Area: Total Rewards



## TOTAL REWARDS PHILOSOPHY

Our Total Rewards Programs support our commitment to our employees and community, reflect a focus on business results, and individual performance through ethical behavior and accountability.

### Total Rewards Guiding Principles

- Globally competitive, fair, & equitable
- Correctly benchmarked
- Supports the company's strategic objectives
- Well communicated and transparent
- Applied and administered equitably, efficiently & effectively
- Globally compliant



## COMPENSATION

We will maintain a market competitive compensation approach

- Recommendation to set a compensation philosophy targeted at 75<sup>th</sup> – 95<sup>th</sup> percentile (tentatively) or P75 to P95

We will offer several pay mix options as part of TTC Structure relying on good data, that is correctly weighted, timely, relevant, organized effectively, reviewed regularly, and communicated easily.

Compensation structure will be reviewed annually, eventually semi-annually and aligned with the company's performance, financially relevant, and applied consistently.



## BENEFITS

We will maintain a market competitive benefits approach

- Recommendation to set a benefits philosophy targeted at 75<sup>th</sup> percentile (tentatively) or P75

Benefits includes all the non-cash compensation items that we use to support employees.

Developing a robust benefits package means understanding the needs and wants of the employee population. Packages must be:

- properly segmented
- globally competitive & consistent
- reviewed semi-annually to keep pace with a fast-moving labor market



# Components of Celsius Compensation Structure

- **Celsius Pay Mix** - Will include Base Salary, CEL Comp, STIP and LTIP offerings and connect to company success
- **Base salary** – Will meet or exceed applicable regulatory requirements; reviewed annually against market data; may require differentiation by some metro areas
- **Variable Pay** – Will be based on several factors, including company performance, individual performance, and specific milestone completion (i.e. IPO, Goal of \$XXX Revenue, a specific \$ value of EBITA, etc.)
  - **STIP/Short term incentive Plan**– Tied to a target as a % of base pay; delivered annually; competitive value and formula may vary based on functional area and role; often tied to individual and/or company performance
  - **LTIP/Long term incentive Plan** – designed to incentivize long-term thinking and long-term behavior that is considered critical to the achievement of strategic company objectives; more common for executives & senior leadership.
- **CEL Token** – Non-fiat compensation method for unique reward and incentive approach





# Agenda

01 Introduction

02 Market overview

03 Strategy & KPIs

04 Financials

05 Product & marketing

06 Regulatory & compliance

07 Subsidiaries & strategic initiatives

08 Business operations

09 Closing remarks





# Closing Remarks

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Alex Mashinsky  
CHIEF EXECUTIVE OFFICER



Private and Confidential